Austria ... Sch 20	Indonesia ... Rp 2500	Portugal ... Esc 90	
Bahrain ... Din 0.650	Italy ... L1500	S. Arabia ... Rls 6.00	
Belgium ... BFr 45	Japan ... Y500	Singapore ... S$4.10	
Canada ... C$1.00	Jordan ... Fils 500	Spain ... Pta 175	
Cyprus ... C£0.70	Kuwait ... Fils 500	Sri Lanka ... Rup 30	
Denmark ... Dkr 8.00	Lebanon ... £L6.00	Sweden ... Skr 7.00	
Egypt ... E£1.00	Luxembourg ... LFr 45	Switzerland ... SFr 2.20	
Finland ... Fmk 6.50	Malaysia ... Ringit 4.25	Taiwan ... NT $65	
France ... FFr 5.00	Mexico ... Peso 200	Tunisia ... Din 0.600	
Germany ... DM 2.20	Morocco ... Dh 6.00	Turkey ... L 250	
Greece ... Dr 60	Netherlands ... Fl 2.75	U.A.E. ... Dh 6.50	
Hong Kong ... HK$ 12	Norway ... Nkr 7.00	U.S.A. ... $1.00	
India ... Rup 15	Philippines ... Pes 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,848 — Thursday February 6 1986 — D 8523 B

Why Fiat joined race for Westland, Page 2

World news

Plutonium leak stirs alert at UK plant

A leak of plutonium solution from a faulty pump contaminated one of the buildings at the Sellafield plant of British Nuclear Fuels in Cumbria, north-west England, triggering an amber alert.

Several dozen employees were given medical checks and were allowed to return to their homes. A spokesman said a small release of radioactive fumes from a plant chimney posed no danger.

The company was fined £10,000 ($13,870) last year for contaminating Cumbrian beaches in 1983. Page 10

Third blast in Paris

A bomb exploded in a large book-and-record shop in Paris, injuring at least nine people, six seriously, and bringing to 21 the number hurt in three bombings over 48 hours.

French ports struck

French ports were paralysed as some 12,000 dock workers of the CGT union called a 24-hour strike over work conditions. Passenger ferries and oil tankers were not affected.

W. German protest

West German trade unionists called rallies and work stoppages as the Bundestag debated a labour law amendment which would deny unemployment compensation to union members laid off due to a strike that could work to their benefit if union demands were met. Page 2

Italy ousts 2 Soviets

Italy expelled a first secretary at the Soviet Embassy and the manager of the Italian office of the Soviet airline Aeroflot. Official sources cited activities incompatible with their status. Page 2

Helicopter downed

A fundamentalist Sunni Moslem militia said its fighters shot down a UN helicopter "by mistake" near Sidon, Lebanon. The six occupants were unharmed.

Sherry case dropped

José María Ruiz-Mateos, former chairman of the expropriated Rumasa business empire, said he was abandoning a legal dispute over British holdings that included the Dry Sack sherry brand. Ruiz-Mateos is facing fraud charges.

Duvalier seeks visas

Despite statements to the contrary, Haiti's President-for-Life Jean-Claude Duvalier has applied for visas and residency permits in several countries in preparation for exile. Page 4

Games boycott looms

Cuba's President Fidel Castro said it would be "unthinkable" for Cuban athletes to take part in the 1988 Olympics unless Seoul agrees to share the Games with North Korea.

Iraq executes 15

Iraq said it had executed 15 members of a Syrian-trained terror squad that planned to detonate car bombs in Baghdad and to carry out espionage for Gulf-war enemy Iran.

Soviets advertise

The Soviet Union placed a full-page advertisement in the New York Times to publish the text of Soviet leader Mikhail Gorbachev's proposal for total nuclear disarmament by the year 2000. The ad cost $30,000.

Madras greets Pope

Pope John Paul II drew the largest crowd of his tour of India as up to a million people packed the beach at Madras for a waterfront mass.

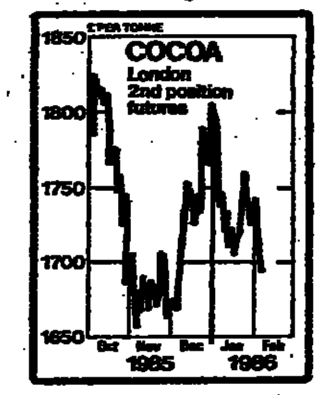
Clash at gold mine

A tribal clash at a South African gold mine left one man dead and 58 injured, said a spokesman for Western Deep Levels.

Business summary

Ottawa steps in to defend weak C$

OTTAWA moved to defend Canadian dollar, which had fallen to record lows. Finance Ministry drew $800m from Canada's credit lines to defend the currency, and the authorities announced an unexpected $750m Eurobond issue, later raised to $1bn. Dollar later rose 1.5 cents to 70.52 US cents. Page 20; Record Eurobond issue, Page 24



COCOA market continued to lose ground in London with the May position down £21 to £1,693.50 a tonne. It was the first time the second futures position had closed below £1,700 a tonne since early December. Page 30

GOLD fell $1.625 on the London bullion market to $337.00 and was $1.125 lower in Zurich at $337.25. In New York the Comex April settlement was $338.30. Page 30

WALL STREET: The Dow Jones industrial average closed 0.11 down at 1,593.12. Page 38

LONDON: Gilts were buoyant on receding interest rate fears while equities were sluggish. The FT Ordinary index lost 0.8 to 1,163.1. Page 38

TOKYO hit another peak with large institutional buying of Nippon Steel. The Nikkei average added 47.27 to a record 13,185.86. Page 38

DOLLAR closed in New York at DM 2.3800; SFr 2.020; FFr 7.2225 and Y190.75. It was weaker in London, closing at DM 2.385 (DM 2.4145), SFr 2.0165 (SFr 2.043), FFr 7.31 (FFr 7.3975) and Y190.65 (Y192.65). On Bank of England figures the dollar's index fell to 123.4 from 124.7. Page 31

STERLING closed in New York at $1.3900. It gained 1.45 cents against the dollar in London to $1.3915. It also rose to Y265.25 (Y264.5) but was weaker at DM 3.32 (DM 3.325), SFr 2.805 (SFr 2.8125) and FFr 10.1725 (FFr 10.1875). The pound's exchange rate index rose 0.1 to 73.6. Page 31

AMSTERDAM Stock Exchange is expected to admit its first Japanese members next week and has ambitions to be the first foreign bourse trading Japanese stocks in yen. Page 21; Markets, Page 38

MEXICO refrained from asking leading creditor banks for new loans but acknowledged that the fall in oil prices would substantially increase its financing needs this year. Page 20

FIRST CHICAGO, the big US banking group, is reported to have lost $25m to a Jordanian confidence trickster. The customer is said to have deposited a large cheque at the bank and then withdrawn the money before the cheque was cleared. Page 20

BANK für Gemeinwirtschaft (BfG), owned by West German trade unions, is considering a future stock market flotation to broaden its capital base. Page 20

DU PONT, US chemicals group, accused European Commission of making a patent dispute between it and Dutch fibre concern Akzo into an international political and trade issue. Page 20; Enka results, Page 21

SEARS, ROEBUCK of the US, the world's largest retail group, suffered an 11.5 per cent fall in earnings last year to $1.3bn, blaming special factors including a lower profit from its Allstate Insurance unit. Page 21

Reagan's budget plan faces tough fight in Congress

BY STEWART FLEMING AND TERRY DODSWORTH IN WASHINGTON

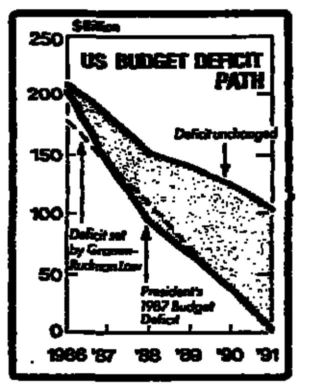
PRESIDENT Ronald Reagan yesterday sent to Congress a budget calling for a combination of renewed rapid growth in defence spending and draconian cuts in government programmes designed to slash the deficit from $206bn forecast for this year to $144bn next year. It projects a small budget surplus in 1991.

The plan, which represents an emphatic restatement of the principles which have guided Mr Reagan through his political career, sets the stage for what is expected to be the most bruising struggle over the role of government in America since the President took office in 1981.

With crucial mid-term congressional elections scheduled later this year, and control of the Senate in balance, even members of the President's own Republican Party are declaring Mr Reagan's budget "dead on arrival" at Capitol Hill.

In an early reaction to Mr Reagan's proposals the Republican Senate budget committee chairman, Mr Pete Domenici, said that he had "reluctantly come to the conclusion that this budget should be a last resort budget."

Mr Domenici said a meaningful deficit reduction package could not be produced without substantial domestic cuts, but that it also required



additional revenue, "Taxes can be the glue that binds the package together" he said.

Mr Sam Nunn, the influential pro-defence Democrat on the Senate armed services committee, said the President would find it difficult to gain anything for military spending beyond an adjustment for inflation.

Mr William Gray, chairman of the House budget committee, said that the budget proposals underestimate defence spending by $15bn, according to the committee's figures.

Leading Senate Republicans are already laying plans to try and put together an alternative programme which would mix cuts in defence spending and tax increases in a so-called "grand compromise" aimed at meeting the political priority of rapidly reducing the budget deficit.

Mr Reagan's budget plan calls for the federal budget deficit in fiscal 1987 to drop to $143.6bn, just below the $144bn target which Congress is obliged to meet under the Gramm-Rudman-Hollings balanced budget law approved by Congress in December.

Although White House officials are vigorously denying in public that the President's budget plan is politically unrealistic, it is widely seen as an effort to stake out a tough opening position in the negotiations over budget priorities which will now ensue.

In his State of the Union address on Tuesday Mr Reagan underscored his determination to resist any increases in the tax burden on Americans, while seeking to revive the increase in defence spending which seemed destined to grind to a halt in 1986.

Although Mr Reagan conceded yesterday that he might be willing to embrace an oil import fee, Trea-

Continued on Page 20

Details, Page 4; Editorial comment, Page 18

EEC farm programme Ecu 750m over budget

BY QUENTIN PEEL IN BRUSSELS

FARM SPENDING in the EEC is set to break the bonds of budgetary discipline yet again in the coming months, with member states being asked to pay an extra Ecu 750m ($670m) in spite of a price freeze now proposed by the European Commission.

The latest figures for the inexorable growth of the agriculture budget were presented yesterday by Mr Frans Andriessen, the Farm Commissioner, when he set out his latest farm price proposals.

Key factors in the upsurge are the effect of the falling dollar on EEC export subsidies and the cost of starting a massive Ecu 3bn, three-year programme of offloading the food surpluses on to international markets.

Mr Andriessen rejected the charge that the destocking programme could start a new farm trade war, most notably with the US. But he warned that the huge food stocks now held by the EEC, including cereals, milk, butter and beef, were "a time-bomb which could blow up the Common Agricultural Policy (CAP)."

Even the virtual price freeze agreed by the Commission yesterday falls well short of the austerity sought by hard-line reformers of the CAP. It could still prove to be too radical for the 12 farm ministers who have to take the final decision.

The overall effect of the price package is calculated at a reduction of 0.1 per cent for farm products in the Community as a whole, calculated in Ecus. Only France, Italy and Greece manage to gain some marginal positive change, thanks to the effect of their green currency exchange rates in converting the EEC prices.

Individual prices include a freeze for cereals, beef and mutton, sugar, milk and wine. There would be a cut of 5 per cent for olive oil, 4 per cent for butter and up to 6 per cent for tobacco. Most fruit and vegetable prices are also intended to be frozen.

Cereals farmers will face a new 3 per cent "corresponsibility levy" to help pay the costs of storage and export subsidies; a 5 per cent price penalty for low quality produce; and access to EEC intervention stores at the guaranteed prices only after the end of April (instead of November), if the Commission plans go through.

Mr Andriessen said his plans would reduce farm spending by some Ecu 385m in 1986 and by Ecu 780m in 1987 if they were approved by farm ministers as a package. He insisted that they allowed no room for alteration.

He warned, however, that the Community must embark on a radical plan to dispose of its surplus

Continued on Page 20

Thomson returns to the black

BY PAUL BETTS IN PARIS

THOMSON, the French state-owned electronics and defence group, returned to the black last year after four consecutive years of losses with estimated net earnings of FFr 400m to FFr 500m ($54m to $68m) Mr Alain Gomez, the group's chairman, said yesterday.

The group, which lost FFr 35m in 1984 after losses of FFr 1.25bn in 1983 and FFr 2.2bn in 1982, also expects to see earnings rise by about 20 per cent this year over 1985.

Mr Gomez also announced that the group's large defence and electronics subsidiary Thomson CSF, which is quoted on the Paris Bourse, was planning to pay a dividend to shareholders for 1985 for the first time in four years. Thomson CSF expects to see its earnings rise to between FFr 850m and FFr 950m in 1985 from profits of FFr 317m in 1984 and a loss of FFr 610m in 1983. The French group also expects Thomson CSF to report earnings about 20 per cent higher this year.

The French group is raising a total of FFr 1.5bn in fresh funds for Thomson CSF through a series of capital market operations including a FFr 880m equity note issue, a $50m equity note issue and a SFr 100m issue of debentures with warrants. After the eventual conversion of all the shares from the latest issues, the Thomson parent, Thomson SA, will still control 50.1 per cent of Thomson CSF.

Thomson group sales rose from FFr 57bn in 1984 to FFr 59bn last year and are expected to increase to FFr 65bn this year. Thomson CSF sales are expected to rise to FFr 38bn this year from FFr 32bn in 1985.

Mr Gomez indicated that while four of Thomson's five main business sectors were losing money in 1984, only two were still losing money last year.

After a big restructuring and management effort, the group's medical equipment branch is expected to show a small profit of about FFr 20m last year compared with losses of about FFr 250m in 1984. The engineering branch, which lost FFr 600m in 1984, had also returned to the black last year with a small profit of about FFr 30m. The bulk of earnings again came from the group's electronic and defence systems divisions, which are estimated at about FFr 1bn.

The components branch lost about FFr 300m last year, but Mr Gomez said that was a satisfactory performance given the state of the semiconductor market. Although 1986 will again be a difficult year for this branch, Thomson expects to see it go into the black in 1987.

Thomson's consumer electronics business is expected to lose more than FFr 200m in 1985. The French group is envisaging withdrawing from this market and is looking at various options, including the possible sale of its French plant to JVC of Japan.

Thomson's return to profit last year reflects the restructuring of the company undertaken by Mr Gomez over the last three years.

Mr Gomez expects Thomson's results to improve even more in 1987 and 1988 when the company starts cashing in on its Saudi Arabian and US defence orders.

Stock market report, Page 38

Poll fears mount as Marcos ends campaign

By Chris Sherwell and Samuel Senoren in Manila

FEARS OF a rigged poll grew and street violence mounted in the Philippines yesterday as President Ferdinand Marcos concluded his re-election campaign with a mass rally in Manila.

The two-month campaign officially ended last night, ahead of tomorrow's polling, which could alter the face of Philippines politics. Both Mr Marcos and Mrs Corazon Aquino the opposition candidate, have promised significant changes in the way the country is run.

Yesterday tens of thousands of people braved a downpour to hear Mr Marcos give his toughest warning yet to supporters of Mrs Aquino, the 53-year-old widow of murdered opposition leader Benigno Aquino.

"If you insist in using violence, then violence it is," he declared darkly. "We will show you that we can handle anything that you may do."

He was speaking after reports of three shooting and stone-throwing incidents in Manila, allegedly directed by Aquino supporters against pro-Marcos rivals. Mr Marcos said they were sowing an atmosphere of "hate, anger and revolution."

In Tarlac province, north of Manila, Mrs Aquino's sister and a US television team were manhandled during a violent incident with the local police, but the police claimed provocation.

Earlier, Cardinal Jaime Sin, Archbishop of Manila, said he feared a rigged vote and violence. He warned Mr Marcos that if the vote was "marred by terrorism and vote manipulation ... who can say what the dire consequences would be."

He continued: "The election will be clean, Mr President, if you want it to be clean." But the Archbishop said he viewed tomorrow's poll with "fear and trembling." He also revealed that Catholic bishops were considering civil disobedience by laymen as one option if the poll was not clean.

Worries about possible disturbances have resulted in heavy booking for flights out of Manila and few tourists are expected.

In a separate development, the National Citizens Movement for Free Elections (Namfrel), an independent watchdog, was yesterday forced to make last minute concessions over its proposed "quick count" of votes. Under an agreement with the official Commission on Elections (Comelec), Namfrel can only count officially certified election returns.

Feature, Page 19

Opec 'could face 2m b/d output cut'

BY MAX WILKINSON IN LONDON

THE Organisation of Petroleum Exporting Countries (Opec) will have to cut production by 2m barrels a day (b/d) in the next few months unless other countries agree to curb their output, according to the latest estimate by the Paris-based International Energy Agency (IEA).

This cut would be the equivalent of half the North Sea output or a little under half of Saudi Arabia's present rate of production. If sustained for six months during the warmer weather, such a cut would mean the loss of some $7bn at current prices.

The IEA's figures underline the sharp dilemma which the 13 Opec countries will face when they meet next month, probably in Geneva, in an effort to stabilise the oil price.

The IEA's figures suggest that total demand for oil in the non-communist world will fall to 44.2m b/d in the spring (April to June). This is 2.8m b/d less than estimated demand in the first three months of the year.

But oil supplies from non-Opec countries and imports from the Communist bloc are expected to rise by 400,000 b/d between the two quarters.

That would leave Opec with 15.6m b/d of production against an estimated 17.6m b/d in January.

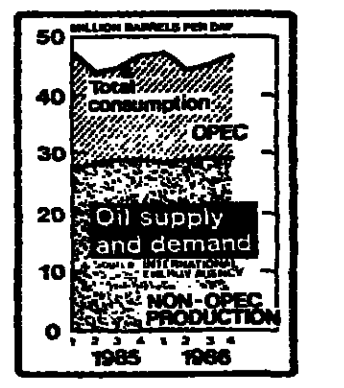
In recent discussions, only three Opec countries, Iran, Algeria and Libya, have shown any willingness to agree an overall production quota of below 16m b/d. Venezuela has been talking about a minimum share of 17m b/d to 18m b/d, while other countries, notably Kuwait and Saudi Arabia, have set the stage for an all-out battle for market share.

The IEA figures suggest that total non-communist world demand in 1986 will be an average of 45.7m b/d with non-Opec supplies put at an average 28.8m b/d. This suggests Opec's share of the market would be just under 17m b/d or 37 per cent.

However, the figures suggest a slump of 3m b/d in residual demand for Opec oil between the first and second quarters of the year in the absence of significant changes in stock levels.

This suggests that Opec would have to cut back output by about 17 per cent between the two quarters to restore balance to the world market, with little prospect of a revival of demand until the autumn.

This would certainly put increased downward pressure on prices unless non-Opec suppliers can be induced to scale back their oil exports.



The IEA figures suggest that the underlying demand for oil in the developed world continues to weaken. Consumption in the 24 Organisation for Co-operation and Development (OECD) countries fell by 1.7 per cent last year from the level in 1984, according to preliminary estimates. This year, overall demand for oil is expected to be about the same as in 1985.

Oil stocks on land in the OECD countries are estimated to have risen by 600,000 m b/d in the last three months of 1985, bringing total government and company stocks at the turn of the year to 425m tonnes representing 95 days of consumption. This compares with 96 days worth of consumption at the end of 1984.

There was little activity in the European spot oil market yesterday as traders tried to assess the chances of a new Opec agreement to limit production.

Middle East crudes weakened in price after a cargo of Dubai crude was reported to have been sold at $14.50. North Sea Brent crude for April delivery changed hands at $15.50.

Earlier in Tokyo, the market came to a standstill, as buyers and sellers seemed highly uncertain about the correct level of prices. The Tokyo spot market may have been overhung by a substantial "netback" agreement concluded in the last few days between Saudi Arabia and Japanese refiners.

The general nervousness in European markets was increased by reports during the day that Mr Alick Buchanan-Smith, the British oil minister, was planning talks this weekend with Norwegian and Opec counterparts. These rumours were later denied.

North Sea oil output, Page 10; Editorial comment, Page 18; Mexican financing needs, Page 20

CONTENTS

EUROPEAN NEWS

Fiat looks to Westland to give its aerospace strategy a lift

BY JAMES BUXTON IN ROME

FIAT, the Italian vehicle and engineering group, sees its rescue offer for Westland in partnership with Sikorsky as an important part of its strategy to become more closely involved in the aerospace industry.

"This is not a financial investment but an industrial investment," Mr Cesare Romiti, Fia's managing director, said in Turin this week.

The private sector group intends to use its entry into Westland partly to expand its existing business of making components for helicopters and partly to strengthen its ties with United Technologies, Sikorsky's parent company.

Fit's aero-engine subsidiary, Fiat Aviazione, has a successful business making transmission systems and accessory gearboxes for all the helicopters produced by Aerospatiale, the French aerospace company. The latter is part of the European consortium bidding for a minority stake in Westland.

"We intend to increase this type of activity in which we have a high reputation," said Mr Romiti. Fiat would like to supply its transmission systems and accessory gearboxes not just to Westland but also to Sikorsky for the US market.

Fiat already supplies its own accessory gearbox for the Pratt and Whitney Canada PT6B-36 engine, which is used on the Sikorsky S76C helicopter. Pratt and Whitney is, like Sikorsky, part of United Technologies (UTC). The Italian company also has a contract to manufacture under licence the T700 helicopter engine which is made by Pratt and Whitney's rival, General Electric.

Analysts in Italy believe that Fiat and Sikorsky feel it necessary to match Aerospatiale, by far the biggest and strongest European helicopter-maker. This strategy assumes that some form of close co-operation will eventually be agreed between Fiat and Agusta, the Italian state-owned helicopter-maker, which is also part of the European consortium.

A further objective of Fiat is to become closer to United Technologies. "We have very good relations with UTC and are studying various projects with them," said Mr Romiti. Fiat also believes that the UTC connection would also give it access to work on projects in the US Strategic Defence Initiative (SDI), though Fiat is competing to participate in the SDI in its own right.

In Fiat's view the entry into Westland fits in with its objective of building up and expanding those parts of the group whose turnover last year exceeded L26,000bn (£12bn) which are not directly connected with vehicles. Apart from aero-engines, these include telecommunications, biomedical equipment and various sectors of the defence industry.

Two Italian companies, Fiat and Agusta, are on opposite sides in the Westland battle. Mr Romiti accepted UTC's invitation to join it in the Westland rescue subject to two conditions. The first was that Sikorsky would allow Westland to continue its joint venture with Agusta to build the E8101 helicopter. The second was that Agusta would be free to join the Sikorsky-led consortium, either during or after the negotiations.

Fiat at once invited Agusta to join it, but Agusta asked for time to consider. UTC, it appears, was not prepared to hold up the talks. Fiat then told Agusta that it could join it and Sikorsky later, or even after the whole affair had been concluded. Agusta, however, decided to join the European consortium.

Mr Romiti said: "It is true that Europe must improve its own technology and increase its presence, but that doesn't mean you can't reach agreements with US companies."

Early last year, Fiat was invited by Efim, the state holding company which is Agusta's parent, to take a stake in Agusta, which has serious financial problems. Mr Romiti told an Italian newspaper a few days ago that discussions on the possible entry of Agusta into the Sikorsky-Fiat consortium continued intermittently right up until last week. At that point Mr Romiti told Mr Stefano Sandri, Efim's chairman, that they could resume discussing the matter after the Westland shareholders' meeting on February 12.

Mr Romiti said this week that he was confident that the Sikorsky-Fiat proposals would win the necessary majority at that meeting.

Mr Cesare Romiti: "This is an industrial investment."

Beregovoy writes his testament of reform

By Paul Betts in Paris

WITH BARELY six weeks to go before the general election which the right-wing opposition parties are expected to win, Mr Pierre Beregovoy, the Finance and Economy Minister, and his team of money market reformers led by Mr Jean Charles Naouri are about to publish a White Paper to serve as a testament of sorts for their efforts during the past two years at deregulating the country's financial markets.

The climax of their work came this week with the announcement that the Bank of France would be able to deal for the first time in short term negotiable securities like Certificates of Deposit (CDs), commercial paper and negotiable Treasury bills in its daily management of money market liquidity.

The move is part of the gradual process of encouraging the development of an open market monetary system in France in which the Bank will be able to intervene in much the same way as the Federal Reserve does in the US.

It is certainly ironic that after 50 years of often heated debate, it is a Socialist administration which has finally brushed through this approach to monetary policy in France.

In some respects it was inevitable. Unless France adapted and modernised its financial system it risked falling even further behind large international financial centres like New York, London and Frankfurt.

Moreover, the Socialist administration felt reform was all the more necessary with the increasing internationalisation of the French economy and industry.

The Finance and Economy Ministry argues that it has now given the Bank of France and the French financial system as a whole the necessary tools to compete with the international money centres.

Mr Beregovoy has also used the reforms as a way of injecting greater competition in the banking system in an effort to bring down interest rates. He has also clearly and successfully calculated that his liberal policies would undermine the right-wing opposition parties' own economic electoral programme.

The battery of steps which the Socialists have taken to deregulate and modernise the financial markets include the introduction in France of CDs, commercial paper and negotiable Treasury Bills. There has also been a reform of the mortgage market, the introduction of financial futures and negotiable stock option trading.

Mr Beregovoy has deregulated commissions on bonds and has sought to give the central bank a more aggressive role in the conduct of monetary policy than in the past.

Most fundamentally, the central bank has been moving away from its traditional approach of regulating monetary growth through credit lending ceilings—the so-called "encadrement du credit"—to a more liberal policy of regulating monetary growth through interest rates.

However, it is unlikely that the Bank of France will suddenly jump into the new open market in the next few days, or indeed weeks or months, and start injecting or draining liquidity by performing US-style matched sales or repurchase agreements.

The move towards an open market approach is likely to take several years, with the central bank testing gradually the new instruments it can now use. Moreover, there is still considerable reticence over the reforms and not everyone is convinced, even at the central bank, that they can be introduced at the scale and speed in which the Finance Ministry would like.

However, a major evolution is taking place in financial and monetary management in France. Economists on the right as well as the left acknowledge that Mr Beregovoy has played a significant part in liberalising and reforming the French financial markets and the general approach to monetary policy.

But they also warn that it would be misleading to think that the reformist zeal of Mr Beregovoy and his team will radically change the French market place overnight. The process, they suggest, will probably need at least another five years.

Strike law protests erupt across West Germany

BY PETER BRUCE IN BONN

NEARLY 200,000 West German metalworkers disrupted work in plants throughout the country for up to five hours yesterday in protest at government efforts to make it harder to go on strike. And for the third successive day, more than 50,000 public servants staged short strikes in support of the 1986 pay claim.

Early morning public transport in many parts of the Ruhr was brought to a standstill, and transport in at least three Bavarian cities, Augsburg, Bayreuth and Wuerzburg was also badly disrupted. About 14,000 post and telecommunications workers also took part in the so-called "warning" strikes in support of a 6 per cent wage claim by the OTV public service union.

The Government is trying to close a loophole in the law governing strikes which enables workers who are not striking, but are nevertheless laid off because of the effects of strikes, to be paid strike benefit by the state even though they may eventually gain from the outcome of the strike.

Yesterday's protests by the metalworkers follows similar action on Tuesday when, according to the DGB, the main West German union federation, more than a 1m people downed tools for a few hours to demonstrate against proposed changes in the strike laws.

The action yesterday coincided with the first reading of the draft legislation in the Bundestag. Workers had been instructed to stop work during the debate and follow it on television or radio.

In Baden-Wuerttemburg, the metalworker's union, IG Metall, said 50,000 members had taken part in the action, disrupting production at 138 plants in and around Stuttgart. About 30,000 people took part in demonstrations outside their factories and in one big Stuttgart metal plant, 3,000 workers went home at noon.

The DGB said that in Lower Saxony, many more people downed tools than the 75,000 claimed during Tuesday's action. The federation claimed some 10,000 workers had taken part, during working hours, in demonstrations in Bavaria. Strikes in pursuit of political goals are illegal in West Germany, which is why the DGB has resorted to calling its planned disruption a protest.

During the Bundestag debate in Bonn, the ruling coalition of Christian Democrats (CDU), Christian Social Union (CSU) and free Democrats (FDP) managed to bury misgivings about the change in the law, especially those voiced by the left, or "consensus" wing of the coalition leader, the CDU.

Italian deputies approve budget

By James Buxton in Rome

THE ITALIAN Chamber of Deputies last night approved the 1986 Finance Bill, a set of measures aimed principally at holding down the state sector deficit over the rest of this year.

But the Bill, on which the Government of Mr Bettino Craxi suffered a series of humiliating parliamentary defeats two weeks ago, will have to go back to the Senate to win approval of the amendments forced through by MPs in the Chamber.

The Government may use Senate to try to reinstate clauses of the Bill which were altered or rejected by the Chamber of Deputies.

The Finance Bill should have been approved by the end of last year. Since then, the Government has been financed according to a provisional system extended on a monthly basis.

The changes approved so far by the Lower House will add an estimated L1,700bn (£700m) to the size of the government deficit this year which was set theoretically at L110,000bn (£50bn), which represents about 15 per cent of gross domestic product.

In fact, even when that figure was announced last September, the Finance Bill only included measures which would have brought the deficit down to L114,000bn, and this was considered by many observers to be an optimistic figure.

If the deficit is to be held at L110,000bn a further set of provisions will have to be proposed by the Government and passed by Parliament.

The Government suffered several defeats on aspects of the Bill, including family allowances and school and university charges.

This was because a number of government MPs exploited the secret voting system to vote against the official line while other government deputies did not attend Parliament at all.

The Government responded by using votes of confidence to force through vital aspects of the Bill while it also showed some flexibility in allowing certain amendments to be passed.

Gibraltar feels the winds of change

BY JOE GARCIA IN GIBRALTAR

THE FACE of Gibraltar has changed dramatically in its first year of a fully open frontier with Spain. With an influx of 2m visitors last year, compared with an annual average of 150,000 in the closed border period, the streets are no longer deserted, tourist spending has doubled to £20m ($27.6m) and the economy is breaking away from years of stagnation.

The economic benefits, however, have not been as widespread as had been generally anticipated, "in absolute terms, the opening has benefited both sides but with a greater balance of payments gain for Spain," says Mr Ernest Montado the Government's economic adviser.

Accentuating the imbalance is the increasing capital outflow to Spain – for property purchases, personal imports of mainly foodstuffs and recreation – which is put as high as £15m a year.

Further, the level of buoyancy now prevalent from the tourist boom is not having a corresponding impact on revenues derived by the Gibraltar Government which has been budgeting for increased expenditure to meet the new services it must now provide. At the same time the Government is experiencing delays in obtaining overseas development aid funds for its £40m 1986-90 development programme.

Officials say that the process of re-adjustment is likely to take another two years, possibly more, before it reaches a settled macro-economic pattern. As Mr Montado points out, the situation is rather more complex because of parallel changes due to commercialisation of the dockyard in Gibraltar as well as changes within Spain itself (notably EEC entry) which is having an increasing effect on its economic relationship with Gibraltar.

The payment of an annual £7m pensions bill to over 4,000 former Spanish workers in Gibraltar at current levels is a direct consequence of Spain's EEC membership. Gibraltar has been able to make such payments because of a three year agreement with the British Government which will provide £16.5m over this period, while Gibraltar will repay the £4.5m contributed by the Spaniards, including accrued interest, up to 1969 when the frontier closed.

The local Government is, however, refusing to pay a penny more. Sir Joshua Hassan, the Chief Minister, says that neither his Government nor any other can commit Gibraltar to the enormous burden which this problem represents. "We consider that the ultimate responsibility rests with the British Government," he has told Sir Geoffrey Howe, the UK Foreign Secretary.

The commercialisation last year of the naval dockyard, with £28m British aid, has been beset with union problems and many put a question mark over its viability once the aid subsides in the next few months. The Gibraltar ship repair company, managed by Appledore International, is requesting additional aid in excess of £1m to complete the redevelopment of the yard.

These are times of change for Gibraltar. The electronics and hi-fi shops in the main street are now stocking up with Cheddar cheese and Scotch whisky to meet the vagaries of its new-found clientele, who include expatriates and tourists from Spain's Costa del Sol.

Patrick Cockburn on a Siberian experiment

Soviet miners put down roots in the wilderness

AT A TEMPERATURE of minus 30 deg C, a light mist forms in the vast open cast mine at Neryungri in eastern Siberia making it difficult to see clearly the mechanical grabs and 180-ton trucks extracting coal at the bottom of the pit.

Standing on the rim of the excavation, it is possible, nevertheless, to watch the bucket shovels move along enormous terraces on the other side of the pit. On the higher terraces they are removing the 350 ms of hard rock which lies above the coal seam from which dumper trucks roll backwards and forwards as they are rapidly filled by the bucket shovels.

In the eight months' winter, work never stops. At these temperatures it is easy to understand why the truck and bucket shovel drivers earn up to Rs 800 (£730) a month, four times the average Soviet wage.

On their success at extracting 13m tons of coal this year depends both the Neryungri mine and the town of the same name, built from nothing over the past 10 years as a test case or laboratory for the development of the far-eastern parts of Siberia.

The mineral wealth of the Yakutia, an area six times the size of France with a population of just 1m, has always tempted Soviet planners, but they have never decided the way to obtain the best return from the vast investments needed to exploit it.

The investment is so heavy because the climate is among the worst in the world. Everything is built from scratch on the frozen earth.

Mr Pyotr Fyodorov, the mayor of Neryungri, says that when he arrived in 1975 the site of the city was only pine forest inhabited by hardy wild life.

Neryungri now has a population of 60,000 and South Yakutia as a whole 112,000. Throughout the town cranes are working to build new tower blocks from building materials made in a local factory. There is a three-year waiting list for apartments. Shops are well-stocked, and there are no queues.

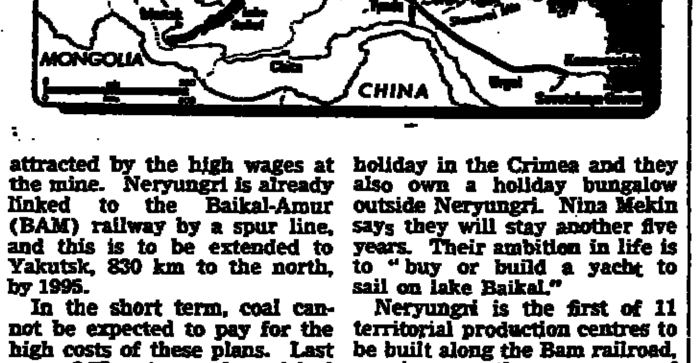
To attract labour, salaries rise by annual increments to 2.5 times the average of the rest of the country. A truck driver named Volodya, in his late 20s delivering building panels to a construction site, said he earned Rs 800 a month. "Far more than I earned in the Urals where I used to work."

This is a good wage even for Neryungri. The average salary is between Rs 400-Rs 500 with pay going up for each extra year a worker stays in the town. Rent for a three-room flat is only Rs 25 a month, and other incentives include the right to buy a car after three years. In the truck depot, the notice board offers inclusive tours to Cuba for Rs 640.

The aim of the planners is to establish a city with a permanent population of 150,000 which can be used as a base for exploiting the region. This is preferred to a miners' camp with minimum facilities and a shifting population of workers attracted by the high wages at the mine. Neryungri is already linked to the Baikal-Amur (BAM) railway by a spur line, and this is to be extended to Yakutsk, 830 km to the north, by 1995.

In the short term, coal cannot be expected to pay for the high costs of these plans. Last year 3.75m tons of enriched coking coal was produced, but of this 3.2m tons is earmarked for Japan in repayment for a $450m credit facility for Japanese plant and equipment arranged in 1974. Another 600,000 tons was sold to North Korea.

Mr Yuri Zakharov, chief engineer of the Yakuti Coal Administration, admits that the coal produced at Neryungri is expensive. He cites three reasons: 7 cu m of rock have to be moved for every ton of coal extracted at Neryungri, much higher than other Soviet open cast mines, the cost of imported equipment is five to six times the cost of their Soviet equipment; salaries are higher than in other mining areas.



Officials in Neryungri say good apartments are as important as high salaries in keeping workers. Mr V. Balduyev, Communist Party first secretary for Neryungri, quotes a survey: "25 per cent of those questioned say they will stay with us for good while 55 per cent say they will stay for 15 to 20 years."

For those who stay the rewards are high.

Mr Yuri Mekin, a 45-year old foreman at the truck depot and his wife Nina, arrived nine years ago from Irkutsk. They live in a well-heated, three-room apartment and say that after the first year new arrivals get used to the cold.

Every two years the couple holiday in the Crimea and they also own a holiday bungalow outside Neryungri. Nina Mekin says they will stay another five years. Their ambition in life is "to buy or build a yacht to sail on lake Baikal."

Neryungri is the first of 11 territorial production centres to be built along the Bam railroad, opening up the resources of East Siberia and the Far East. Although local workers refer to the rest of the Soviet Union as "the mainland" decisions on local investment remain largely with the Ministries in Moscow.

This lack of a local development authority with real power hampers co-ordination of planning and decision-making, say some local officials. It also makes it more difficult to answer the question always facing the builders of Neryungri.

Will the town and its industries, impressive achievements though they are, ever be worth the money and effort they have cost to construct in the barren hills of eastern Siberia.

Right still leads polls in France

By David Housego in Paris

THE JUBILATION among the French Socialists at the party's recent rise in the public opinion polls was somewhat dampened yesterday with the publication of polls showing that the parliamentary Right would still have a substantial majority in the National Assembly after the March general elections.

The polls were taken after President Francois Mitterrand committed his rediscovered popularity to leading the Socialist campaign. But they do not reflect the potential loss of credibility that the Right has suffered from the divisions among its leaders in recent days.

According to the Sofres-Figaro poll published yesterday, the Socialists have marginally improved their score with 26.5 per cent of those questioned saying they would vote for the party as against 26 per cent in December and January. But the proportion of votes going to the Right—the neo-Gaullist RPR and centrist UDF parties—has also risen to 47 per cent from the 44 per cent.

In terms of seats the Right would have 312 deputies in the Assembly, and the Socialists 169. It would have an absolute majority of almost 70 over the other parties.

Experts believe that the Right would have to drop to below 43 per cent of the votes to lose its absolute majority.

A second poll released yesterday by BVA-Paris Match showed the Socialists climbing to 28.5 per cent of the vote (up 1.5 per cent on early January) but the Right rising by 2 percentage points to 47 per cent.

Mr Mitterrand's personal popularity also continues to climb with 39 per cent of those questioned showing confidence in him.

The new polls come at a moment when the initiative in the campaign still lies with the Socialists who are increasingly focussing their message on support for the President. Mr Mitterrand is due to make another major speech on Friday night at Lille in the teritory of his former Prime Minister, Mr Pierre Mauroy.

Greece aims to restrain credit and money supply

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE unveiled ambitious plans yesterday to limit domestic credit expansion and the rate of increase of the M3 broad money supply measure this year. The aim is to reduce the inflation rate to 16 per cent, halve foreign borrowing needs to $1.7bn, and cut the net public sector borrowing requirement to 11.2 per cent of gross domestic product.

Inflation last year reached 25 per cent, foreign borrowing $3.2bn, and the net PSBR 17.8 per cent of GDP.

The monetary target for this year is a reduction in the rate of M3 increase to 20 per cent, compared to 26.2 per cent last year. Domestic credit expansion to the private sector is to be cut to Dr 334bn from Dr 370bn, and to the public sector to Dr 721bn from Dr 883bn in 1985.

As part of the overall monetary and credit policy package, the authorities also plan to boost sources of non-bank financing through the continued sale of marketable treasury bills and a future issue of three-year public sector titles.

Mr Costas Simitis, the Economy Minister, said he does not expect the credit cuts to lead to a liquidity squeeze in the private sector. The Government's tight incomes policy for 1986 and improved competitiveness resulting from a package of economic stabilisation measures adopted in October will both act to reduce borrowing needs, he said.

He added that there are no immediate plans to raise interest rates, which are set by the central bank and are currently negative relative to inflation.

Rome expels Soviet officials

ITALY HAS ordered a first secretary at the Soviet embassy and the manager of the Soviet airline Aeroflot to leave the country, officials said yesterday, Reuter reports from Rome.

They said the two men had been declared persona non grata for activities incompatible with their status in Italy. This normally refers to espionage.

The Soviet embassy later issued a statement confirming the expulsions but saying they were ordered "without any valid motive." The Italian action was inspired by "circles who do not like the current positive trend in relations between the Soviet Union and Italy," it said.

The first secretary at the embassy, named as Mr Viktor Kopytine, is understood to have left Italy yesterday.

About a dozen Soviet officials have been told to leave Italy since 1970. Mr Bettino Craxi, the Prime Minister, said last month that security services had discovered more than 70 foreign agents in Italy in the preceding six months.

Portugal's presidential poll rivals clash on television

BY DIANA SMITH IN LISBON

THE TWO contenders for the Portuguese presidency clashed on television yesterday as campaigning began for the run-off election on February 16.

The conservative Professor Diogo Freitas do Amaral, who took 46 per cent of the vote in the first round, and the socialist Mr Mario Soares, who won 25 per cent, traded accusations during a tense 90-minute debate.

Prof Freitas hinted that his rival had done a deal with the Communists to secure their backing. Mr Soares insisted that Prof Freitas was surrounded by prominent supporters of the former dictatorship. Angrily defending themselves and counter-attacking, both contestants abandoned their suave statesman's stance of earlier debates and squabbled bitterly.

Mr Soares accused young supporters of the Freitas campaign of coming up to him and shouting: "Go to Siberia, Commie."

Prof Freitas, for his part, said Mr Soares was a scare-monger when he claimed politics would radicalise dangerously in the event of a conservative victory. On the contrary, he said, "Mario Soares in the presidency would be the sword of Damocles over the head of the minority Social Democrat Government (which backs Prof Freitas)." Sooner or later Mr Soares would yield to pressure from his backers and drop on the Government's head, putting it out of office, he said.

That Government, meanwhile, will hand the 1986 state budget to Parliament tomorrow. The budget, cautiously expansive after two years of austerity, is understood to cut taxes and increase public investment by about 10 per cent, especially in public works, agriculture and education.

The economic growth target is 4 per cent this year, with 3.5 per cent increase in private consumption and 1 per cent in public consumption. The Government expects the private sector to be a major contributor to growth in 1986.

Membership of the European Community has brought an influx of development, agricultural and social funds that will help the Government pursue major infrastructure projects shelved in the past through lack of money.

Heavier investment and spending is likely to incur a budget deficit of more than Es 400bn (£1.85bn), with a current account deficit of between $800m and $1bn.

Hungary fails to live up to five year plan expectations

BY LESLIE COLITT IN BERLIN

HUNGARY failed to meet several important economic targets in the last five-year plan, according to figures released yesterday. Its 1985 performance was particularly disappointing, although Mr Ferenc Havasi, the Politburo official responsible for the economy, said many people saw the year's results "somewhat more negatively" than they actually were.

National income (equivalent to gross national product minus services) rose 7 per cent in the five-year period which ended in December. The plan target had been 14 to 17 per cent. National income last year was 1 per cent less than that in 1984.

Industrial output rose 12 per cent from 1981 to 1985 (and less than 1 per cent in 1985) instead of the 19 to 22 per cent envisaged. Agricultural production rose 12 per cent.

Exports in 1985 were 27 per cent higher than in 1980 while imports rose 6 per cent. The low imports increase was aimed at reducing the country's net debt which stood at $6bn (£4.2bn) last September according to the Organisation for Economic Co-operation and Development (OECD).

The statistical office said that in 1985 hard currency exports declined, although Hungary achieved its first surplus—roubles 255m (£245m)—since 1980 in trade with Comecon countries.

Domestic consumption last year fell 4 per cent while per capita real income rose nearly 8 per cent and a decline in real wages was halted. However, real wages were still 5 per cent lower than in 1980.

Mr Havasi said in a recent speech the Hungarian economy had achieved two major goals by reducing hard currency debts and maintaining living standards. He said, however, that it was a "rather serious negative fact" that there was no surplus in trade with the West last year. Final figures have not yet been published but the plan was for a $600m to $700m surplus after a $500m surplus in 1984.

The target this year is a $350m to $400m hard currency trade surplus and a rouble surplus of 100m to 200m. The five year plan for 1986 to 1990 envisages a payments surplus of $2bn to $2.5bn.

Mr Lajos Faluvegi, head of the planning office, said recently this would make it possible to meet Hungary's international financial commitments and continue the "planned reduction of indebtedness."

Mr Faluvegi said though that the advantages and "ultimate burdens" of foreign credits had to be "most carefully weighed." Hungary expects to seek about $1bn on international markets this year after borrowing nearly $1.6bn last year.

FINANCIAL TIMES
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.
FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

Israel to continue pre-emptive strike against terrorists

BY ANDREW WHITLEY IN TEL AVIV and OUR MIDDLE EAST STAFF

UNBOWED BY its failure to capture any Palestinian leaders aboard the Libyan jet forced to land in Israel on Tuesday, the Israeli Government yesterday declared that it would continue to take pre-emptive action against suspected sources of terrorism.

Mr Yitzhak Rabin, the Defence Minister, supported the decision to intercept the Libyan executive aircraft — a decision taken personally by himself and Mr Shimon Peres, the Prime Minister — despite the embarrassment caused by the controversial action's lack of success.

"We must show initiative and we must dare," he told Israelis perturbed by the intelligence failure involved, "even if at times we do not achieve our entire objective."

The Israeli action has provoked widespread criticism in the Middle East and in Western Europe. Sir Geoffrey Howe, the British Foreign Secretary, said yesterday that the forcible diversion of the aircraft was without justification

"There is no evidence that there were any terrorists aboard or that there was any threat to Israeli security," he said.

Egypt, the only Arab country which has relations with Israel, joined in the attack and King Fahd of Saudi Arabia expressed his support for Arab nations directly affected by "these violent actions."

As in the case of recent US threats to Libya, Israel's seizure of the aircraft has served to rally moderate Arab opinion in defence of more radical regimes.

Although there is concern in Israel over the possibility of retaliatory action by Syria or Libya, the Government is shrugging off the wave of international criticism.

Mr Ronny Milo, the Deputy Foreign Minister, said that "all means" were legitimate when it came to fighting terrorism, and in an oblique reply to western critics, he said Israel was "serving the international community well."

The Defence Minister also went on the attack: criticising unnamed European governments for what he said was their differentiation between "good" and "bad" terrorists, an apparent reference to the UK, France and Italy, all of which have recently been showing greater official sympathy for the Palestine Liberation Organisation.

Promises of reform lift value of rand

By Jim Jones in Johannesburg

IMPROVED sentiment in response to President P. W. Botha's reform promises has lifted the South African rand above 45 US cents in foreign exchange markets despite the fact that the all-important gold price has fallen to \$335 and was yesterday showing signs of further short-term weakness.

In Johannesburg yesterday, foreign exchange dealers reported that the South African Reserve Bank stepped in to slow the rand's advance by buying dollars in the market.

According to the dealers improved political sentiment has accompanied a marked improvement in the leads and lags position since tighter controls were imposed on importers and exporters late last year and since last September's re-instatement of a dual currency system stemmed the large capital outflows which had seriously weakened the South African currency.

They add that during the past two days there has been a marked acceleration in the inward remittance of foreign earnings by exporters, while a growing number of importers have reduced their foreign exchange cover against the rand.

Tony Walker, recently in Aden, on the aftermath of South Yemen's conflict

Moscow's credibility damaged in region

THE LONGEST faces in Aden last week appeared to be those of two senior Soviet officials who were being chauffeured in a Mercedes through the derelict streets of the South Yemeni capital after more than two weeks of fierce fighting had reduced many buildings to rubble.

The Soviet embassy itself was among the casualties, subjected to a direct tank assault, apparently at the hands of a faction displeased with Moscow's role in the bloody events that pushed this Marxist state to the brink of civil war.

The Soviet flag is still flying over the wrecked embassy complex, which occupies a large area in Aden's Khormaksar diplomatic district. But, like Moscow's credibility in the region, it is showing the scars of the conflict that raged through this section of the capital.

The mayhem in South Yemen, involving rival Marxist factions, has been disastrous for Soviet foreign policy in the Arabian peninsula, where Moscow has been seeking diplomatic gains. The negative effects for the Soviets will be most immediately apparent among Gulf rulers who have been inching towards better relations with Moscow.

A senior official of one of the states being courted by the Soviets said this week that he believed the "whole thing has been cooked up in Moscow." The only trouble was, he observed, that it had got out of control.

Whether this observation is justified – and there is no hard evidence of Soviet sponsorship of one or other of the factions – it reflects a deep suspicion in these conservative states of Moscow's capacity for mischief.

The official said that a combination of South Yemen's tribal traditions and Marxist theory and practice had produced an explosive mixture. "What seems to have gone amiss is that the whole system was based on Arabian tribal rules and overnight they (the Russians) wanted to convert them 180 degrees to communism which has nothing to do with Bedouin customs," he said.

Neighbouring countries are puzzled and alarmed by the course of events in South Yemen. Recent attempts by ousted President Ali Nasser Mohammad to build diplomatic bridges to Oman and Saudi Arabia were welcomed as a sign that Aden may be emerging from virtual isolation in its own corner of the world.

That process has now been arrested ,and it is unclear what will be the consequences for South Yemeni foreign policy of the upheaval that effectively wiped out most of the country's top leadership. At best, there will be a period of uncertainty while the leadership regroups.

Politicians interviewed in the past week, including the two surviving members in power of the 11-man politburo and the interim President, were adamant that the policy of seeking better relations with neighbouring states and with the West would continue.

These figures were equally insistent, however, about the primacy of Aden's relations with Moscow. They made it clear there was no question of ties with the Soviet Union being loosened. "The Soviet Union is for us a friend and ally," said Mr Salem Saleh, secretary of the central committee of the South Yemeni Socialist Party. "It extended to us every assistance and is still extending to us such assistance."

South Yemen's dependence on Soviet largesse will for the time being be strengthened by the events of the past weeks. The scale of destruction in Aden is such that large injections of Soviet financial aid and technical assistance will be required to rebuild the capital, where most of the damage was caused.

Mr Haider Abubaker al Attas, the interim President, appealed at the weekend for the Soviet Union to return its nationals who streamed out of South Yemen after fighting erupted on January 13.

The new regime appears anxious to give the impression that life throughout the country is returning to normal and that order has been re-established, despite threats by the ousted President to mount a counterattack. The possibility of Ali Nasser Mohammad staging a comeback, unless he were to receive outside assistance, is being discounted in Aden.

But the atmosphere remains highly charged, with those in power seeking out the former President's collaborators in house-to-house searches. It is likely to take months for normal administration to be restored.

The bitter conflict between rival factions split the Government. Ministers who sided with former President Mohammad have either fled the country or are in prison along with senior officers of the army, navy and air force who, it is claimed, were part of the plot to stage a pre-emptive coup against the former President's opponents.

Those who emerged on top are alleging massacres of party officials by Ali Nasser's supporters. Details of these alleged killings form the basis of a vehement propaganda campaign which is being waged in the public media. Reconciliation will not be easy.

Senior ranks of the Soviet-trained military are in disarray. There has been heavy loss of life in the various branches of the armed services, and massive quantities of weaponry were destroyed.

The destruction and interruption of essential services has dealt a serious blow to an already fragile economy. South Yemen, one of the world's most impoverished nations, could ill afford the excesses of its political masters.

Incipient tribal rivalries will almost certainly have been exacerbated by recent events, even though the surviving leadership insists that such differences are exaggerated by foreign observers.

It is hard to believe that in the byzantine and brutal world of South Yemeni politics, tensions between tribal groupings can be quickly put aside. Blood feuds have clearly intruded into the country's political life. Prospects are for further tension and possible conflict.

While Ali Nasser Mohammad is now being described as a "revisionist," his successors are insisting that policies to be followed will accord with those agreed at a party congress last October over which he presided.

It was at that congress that the former President saw his power in the higher echelons of the South Yemeni Socialist Party. It was a setback that apparently persuaded him to move against his opponents with bloody consequences.

The Soviet Union, which has poured hundreds of millions of roubles into securing South Yemen as a Marxist bastion with base facilities for its navy and air force, may yet have cause to regret its role in concocting an explosive ideological cocktail in this Arabian peninsula state.

Gandhi backs down over oil product price rises

BY JOHN ELLIOTT IN NEW DELHI

THE INDIAN Government yesterday bowed to mounting public criticism and political protests against a series of price rises and cut by over a third the size of increase in oil and petroleum products introduced last Friday in an attempt to curb rapidly growing oil imports.

The cuts were authorised last night by an emergency meeting of the Cabinet, presided over by Mr Rajiv Gandhi, Prime Minister, in response to demands from leaders of both the ruling Congress I and opposition parties.

They were presented as a result of the "constant interplay between public opinion and government in a democratic system." But they will also be interpreted by Mr Gandhi's critics as a sign of political inexperience which on a number of occasions recently has led to hasty government announcements.

Mr Gandhi is not in any political danger as leader of the Government and his party. But he is giving a growing impression of making hasty decisions which can be changed

This could reduce the force of the reforms he is trying to push through in India's economy, industry and bureaucracy, because it is encouraging those who want to resist change to ignore the central Government's new policies.

In the case of the price rises, the main criticism is that the Prime Minister and Mr Vishwanath Pratap Singh, the Finance Minister, and their colleagues did not fully assess the public and political reaction to substantial recent increases in basic items in the cost of living before announcing the oil prices.

On Friday the Government announced the oil product price rises, which ranged from 5 to 20 per cent, and were in response to an increase during the past year of over 30 per cent in oil imports which rose from Rs 36bn (£2.1bn) to Rs 48bn at the same time, non-oil imports were rising by 25 per cent but exports declined by about 1 per cent.

Foreign currency reserves fell from Rs 72.2bn last April to Rs 68.2bn on January 10.

The oil price increases immediately provoked demonstrations and protests by opposition parties and ministers decided that these should be curbed before the opposition could take credit for any future price relaxations.

The changes announced last night reduce increases in liquid petroleum gas, a major consumer item, from 20 per cent to 12.2 per cent. Increases in the price of kerosene, a major item for the poorest people, are cut from 10.9 per cent to 6.6 per cent, while petrol increases go from 7.7 per cent to 6.1 per cent.

Tokyo plans to reduce top rate of income tax

BY JUREK MARTIN, FAR EAST EDITOR, IN TOKYO

THE JAPANESE Ministry of Finance is proposing that the effective maximum rate of income tax be reduced from the current 88 per cent to around 60 per cent.

Japan should also end the current tax exemption on the first Y3m (£11,300) of small savings and consider introducing both capital gains taxes and indirect value-added levies.

MoF's tax reform blueprint, leaked to the Japanese press yesterday, is to be presented to the Government's fully-fledged tax commission when it next convenes later this month. It is certain to form the basis for whatever is finally passed into the law, though how much can be included in the 1987-88 budget remains to be seen.

The present maximum rates are 70 per cent for straight income tax and 18 per cent for the resident's tax. These apply on personal incomes over Y80m

The reported MoF plan would reduce the top level of income tax to the 50-55 per cent range and the resident's tax to 10-15 per cent. It would also reduce the effective tax rates on corporate income from the present 52 per cent to about 40 per cent.

The Japanese national tax burden is low by international standards, and rendered lower still by widespread tax evasion, but the MoF does believe that the progressively steep rates of tax on the average Japanese are disincentives to both work and spending.

Director of Pan-Electric given 15-month sentence

BY STEVEN B. BUTLER IN SINGAPORE

THE financial director of Pan-Electric Industries, the Singapore holding company whose collapse in November led to a three-day closing of Singapore and Kuala Lumpur stock exchanges, yesterday received an unexpectedly heavy 15-month prison sentence after he had pleaded guilty on two counts of criminal breach of trust.

The severity of the sentence would have to be read as an ominous sign by Mr Tan Koon Swan, the Malaysian Chinese businessman and political leader, who recently pleaded not guilty to 15 counts of fraud, cheating, and abetting criminal breach of trust relating to the collapse of Pan-Electric.

Mr Tan Kok Liang (no relation) was accused of improperly disbursing S$54,000 (£24,000). He is named as a collaborator or principal in 14 of the charges against Mr Tan Koon Swan, and he has agreed to give state's evidence in the trial of Mr Tan Koon Swan in May.

Wong Sulong adds from Kuala Lumpur: The Malaysian Government is to lodge a strong protest to Singapore over remarks made by its deputy Prime Minister, Mr Goh Chok Tong, relating to the arrest of Mr Tan Koon Swan.

The Malaysian Cabinet, at its meeting today, described Mr Goh's remarks as "irresponsible," amounting to "an interference in Malaysia's internal affairs"

Mr Goh had been asked what he thought of threats of retaliation against Singapore, including cutting of water supplies, made by members of the Malaysian Chinese Association of which Mr Tan is president.

Mr Goh was reported to have said the MCA was "not in charge of Malaysia." But if it did, "then Singapore would be in serious trouble." The MCA is the Chinese partner in the Malaysian coalition government for the past 28 years and has four Cabinet seats.

AMERICAN NEWS

Reagan says his 1987 budget plan will produce a leaner government but critics have declared the proposals to be 'dead on arrival'

Pentagon requests $4.8bn for star wars

By Our U.S. Editor in Washington

PRESIDENT Ronald Reagan's top priority for his Strategic Defence Initiative — star wars — space defence programme is reflected in a request for a 75 per cent increase in funds for the project in yesterday's defence budget.

Mr Reagan's request for $4.8bn (£3.45bn) for star wars research in the coming fiscal 1987 budget year, against $2.75bn approved this year, would make it the largest single US weapons programme.

In presenting the Pentagon budget to Congress yesterday, Mr Caspar Weinberger, the Defence Secretary, ignored the threat of new cuts looming under the Gramm-Rudman balanced budget law and asked Congress to honour its commitment of last summer to a real three per cent increase in defence spending in fiscal 1987, which begins on October 1.

That, according to the Pentagon's calculations, would bring total defence budget authority to $311.6bn and actual spending to $274.3bn. Real spending always falls short of total budget authority, which covers longer term spending that may take place in future years.

Mr Weinberger's request, as congressional analysts were quick to point out yesterday, in fact represents an increase of 8.2 per cent over current budget authority after inflation. That is because Congress reduced this year's budget below the level originally agreed last August, but Mr Weinberger is still using the agreed figure as the basis for his calculations.

The Pentagon request, under which spending authority would rise to $395.5bn in 1991—an increase of $1.8 trillion (million million) over five years—is intended to restore the steady US military build-up of Mr Reagan's first five years in office, disregarding cost-cutting pressures.

Mr Weinberger said that the US was now beginning to deal with the Soviet Union from strength and the promise of greater relative strength.

If approved by Congress, the request would increase defence spending to 27.5 per cent of the total federal budget, against 26.4 per cent this year. Congress, however, is most unlikely to accept the defence budget as it stands, quite regardless of cuts that may be forced by Gramm-Rudman.

The funds for Star Wars, which the Pentagon wants to increase to $6.3bn in fiscal 1988, will almost certainly be severely pruned.

President warns of spending cut dangers

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan warned yesterday of the dangers of automatic across-the-board spending cuts which will come into effect if Congress fails to meet now legally established budget deficit targets. "The cuts could dangerously weaken vital programmes involving national security or public health and safety, while leaving marginal programmes substantially intact," he said.

In his budget message yesterday Mr Reagan said Congress should, therefore, avoid such cuts. They would not be necessary if it accepted the budget proposals he was putting forward, he said.

Mr Reagan's proposals for fiscal 1987, which begins on October 1 this year, projects a federal budget deficit of $143.6bn (£102.1bn), down from an estimated $202.8bn in 1986. The 1987 deficit would be $181.8bn if no further action were taken, according to the proposal.

Mr Reagan's projected deficit is in line with the $144bn deficit limit established by the Balanced Budget and Emergency Deficit Control Act (Gramm-Rudman Holdings) which was approved by Congress in December. The President also projects a budget surplus of $1.3bn by 1991 as required by Congress.

In his budget statement Mr Reagan took credit for the "dramatic improvement in the performance of our economy" since he took office. It was "no accident . . . we have put in place policies that reflect our commitment to reduce federal government intrusion in the private sector and eliminated many barriers to the process of capital formation and growth."

Although "conditions are now in place for a sustained era of national prosperity . . . there is a major threat looming on the horizon: the federal deficit," he said.

This, he said, explained why he was presenting a budget which "has as its major objective setting the deficit on a downward path to a balanced budget by 1991."

A key to the achievement of this goal is the White House assumption that the prosperity of the past three years will continue. The long range projections for real growth in the Gross National Product assume an annual rate of expansion of nearly 4 per cent until 1991.

Interest rates on three-month Treasury bills are assumed to average 6.5 per cent in 1987 instead of the 7.2 per cent projected in last year's budget and to drop to 4 per cent in 1991 when inflation measured by the consumer price index is assumed to be only 2 per cent.

A slight rise from 3.7 per cent to 4.1 per cent is assumed in inflation between 1986 and 1987. But the economic projections were made before the recent sharp oil price declines.

Mr Reagan said in his budget message that eliminating the deficit was possible "without raising taxes, without sacrificing our defence preparedness and without cutting legitimate programmes for the poor and the elderly."

Explaining his stance on defence spending—the budget calls for an 11 per cent nominal rise in the defence budget—he said: "We can hardly back away from our defence build-up without creating confusion among friends and adversaries alike about our determination to maintain our commitments and without jeopardising our prospects for meaningful arms control talks."

Taxes, he said, were already higher relative to gross national product than they were during the 1960s and early 1970s. "A tax increase would jeopardise our economic expansion and might well prove counterproductive in terms of its effect on the deficit."

Mr Reagan is focussing the bulk of his efforts to cut the deficit on spending reductions which in many cases have already been rejected by the Congress in past years.

This has led commentators to declare the President's 1987 budget "dead on arrival." Mr Reagan said his strategy would "result in a leaner, better integrated, more streamlined federal government."

Of plans to sell to the private sector some $18bn of federal assets over the next three years, Mr Reagan said government "should not compete with the private sector."

TIMETABLE FOR A BALANCED BUDGET

THE ARRIVAL of President Reagan's budget in Congress yesterday starts the clock ticking in the reformed budget-making process which became law with the passage of the Balanced Budget and Emergency Deficit Control Act (Gramm-Rudman-Hollings) in December. The new timetable is as follows.

February 15: Congressional Budget Office submits its budget and economic outlook report to House and Senate budget committees.

February 25: Other House and Senate committees submit their spending plans to the budget committees.

April 1 and April 15: Deadline for the Senate and House budget committees respectively to finalise their now binding budget resolutions.

The new budget process establishes declining deficit targets leading to the elimination of the deficit by 1991. The target for 1987 is $144bn.

If Congress does not achieve this goal then a process is started leading ultimately to the imposition of automatic spending cuts called "sequestering." The cuts would be big enough to get the deficit down to the target. The timetable leading to automatic spending cuts is as follows.

August 15: The Office of Management and Budget (OMB) and the Congressional budget office (CBO) estimate revenue and spending levels based on laws enacted by this date.

August 20: OMB and CBO issue report projecting deficit next fiscal year. If they project a deficit more than $10bn higher than the Gramm-Rudman-Hollings target, the report has to set out what automatic spending cuts will be needed to reach the goal.

August 25: Comptroller General issues report to the President stating whether the cuts are in line with the law's requirements.

September 1: President issues the order for spending cuts to be prepared. Congress can try to pass legislation to meet the deficit target and avoid automatic spending cuts.

October 1: Beginning of new fiscal year. Automatic cuts begin to go into effect.

October 5: CBO and OMB issue final report on deficit outlook reflecting any last-minute Congressional action.

October 10: Comptroller General issues report reflecting any last minute Congressional action.

October 15: President issues final order for automatic spending cuts.

November 15: Comptroller General issues report stating whether the President has put them into effect.

Note: Legal challenges to the constitutionality of the automatic spending cuts are pending.

HIGHLIGHTS OF US BUDGET

Spending in 1987, excluding net interest costs is forecast at $846bn, up from a proposed $804bn in 1986, Nancy Dunne reports from Washington. While asking for hundreds of policy-based reductions, more money is sought for defence "security assistance" to ward-off communism in other countries, improved security for US diplomatic installations abroad, drug enforcement, basic research, space, aviation safety and aids research.

Total spending, including interest, would drop from $994bn to $850.4bn, leaving a budget deficit of $143.6bn.

Government revenues are projected to increase to $850.4bn in 1987, up from $777.1bn. No major new taxes are proposed.

An increase in military spending from $286.1bn in 1986 to $320.3bn is sought for 1987. Outlays for the year, including nuclear weapons and other defence-related energy costs, would rise from $265.8bn in 1986 to $282.2bn in 1987.

The Administration proposes to end the US Export-Import Bank's direct lending and to eliminate entirely the Small Business Administration, federal aid to six state maritime schools, aid and insurance for fishermen, urban development and other economic development schemes, legal aid for the poor, and the Interstate commerce commission.

Five electrical power agencies would be privatised and the naval petroleum reserves and surplus government property would be sold.

Federal mortgage insurance programmes would be limited and federal crop insurance would be made more expensive and phased out.

Spending levels would be reduced for food stamps and welfare. Medical assistance to the aged would decline although the budget raises spending from $66.5bn to $68.5bn. Federal assistance to states for highway construction, pollution controls, sewage treatment plants, health care, local rail service, Community agencies, juvenile justice schemes would be reduced or eliminated.

Agriculture spending would be sharply cut with outlays for credit and subsidies cut from $26.3bn in 1986 to $19.5bn. Aid for education would be reduced and the cost of college loans would be linked to ability to repay.

US FEDERAL FINANCES AND GROSS NATIONAL PRODUCTS

	GNP ($bn)	Receipts (% of GNP)	Outlays (% of GNP)	Deficit (% of GNP)	Debt* (% of GNP)
1970	990.5	19.5	19.8	0.3	28.0
1980	2,468.0	19.4	22.2	2.8	26.8
1981	2,984.0	20.1	22.7	2.6	26.6
1982	3,142	19.7	23.7	4.1	29.6
1983	3,321	18.1	24.3	6.3	34.4
1984	3,695.0	18.0	23.1	5.0	35.5
1985	3,937.0	18.6	24.0	5.4	38.4
1986**	4,172.0	18.5	23.4	4.8	40.9
1987**	4,538.0	18.7	21.9	3.2	40.9
1988**	4,901	19.0	20.9	1.9	39.7
1989**	5,269	18.9	20.2	1.3	38.3

* Held by the public
** Estimates

Budget deficit proposals sound some familiar themes

BY TERRY DODSWORTH IN WASHINGTON

PRESIDENT REAGAN'S detailed proposals for reducing the large US budget deficit sounded some familiar themes yesterday, concentrating heavily on savings from medical aid programmes, student assistance, civil service retirement support and grants for transport infrastructure.

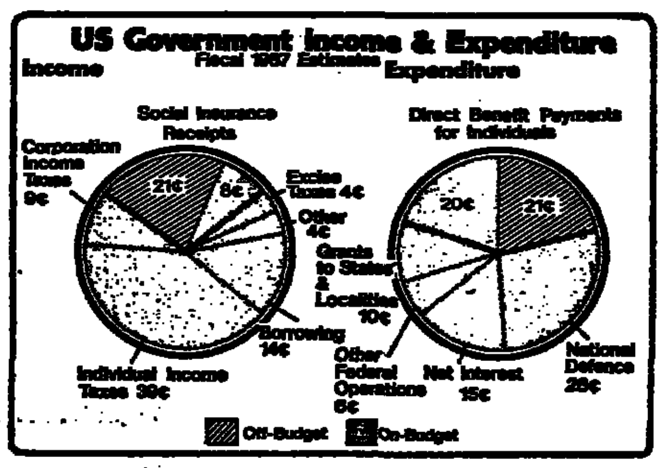
The President is also demanding a further push in the Government's privatisation plan, expanding them to embrace five hydro electric power facilities scattered around the country and producing 6 per cent of the nation's electricity. Revenue from the sale of these operations, along with debt recovery, is aimed at generating deficit reductions of $12.7bn (£9.1bn) over the next five years.

Only two main areas of spending are earmarked to increase from previous budget estimates under the President's programme. He is proposing a particularly large increase—of £4.4bn over five years—in spending on improved security for diplomats, a "matter of increased concern since several incidents of kidnapping, assassination and mob violence in the 1970s," as the Office of Management and Budget puts it.

Enforcement of the anti-drug laws is the other area selected for special treatment, although the increased outlays there will come to only a little under $1bn over the five years, mainly for additional anti-drug enforcement officers and back-up services. Spending on space would also be given a small boost under the President's plan, although there are suggestions that after the Challenger space shuttle disaster, more funds will be allocated to these programmes than the budget proposes.

By far the biggest chunk of the planned savings is in the social services field. President *Reagan's proposals*, for example, would lop $10.8bn off various programmes in the medical area, food stamps and health research in 1987, and these savings would go up to $32bn in the 1991 fiscal year.

The biggest element in these reductions is scheduled for Medicare, the federally-backed health insurance scheme, which covers 31m old and disabled Americans. The Administration says that the escalation in medical costs, reduced to some extent by reforms in 1984, can be further cut by a mixture of tighter controls over hospital bills (setting a limit for the price of specific treatments, for example), changes in the methods of funding hospital capital costs and some shift of the public cost of insurance to the private sector.



Washington's dollar: where it comes from where it goes

Reforms in Medicaid, the jointly-funded programme in which individual states pay 45 per cent of health treatment costs for the poor, would also yield substantial savings, rising from $1.3bn in 1987 to $8.3bn in 1991.

Smaller reductions are planned in several other areas of social security spending that have become a political football as the Reagan Administration tries to trim down the programmes expanded during the era of the Great Society.

On food stamps, given to low-income individuals, the budget says that expenditure can be cut by forcing the states to adopt tighter accounting policies, and fostering "self reliance" among the recipients of the stamps. Similarly reforms are proposed in aid to families where children are deprived of parents and in the special supplemental food programme for women, infants and children.

The budget also levels its sights on several programmes which it calls "ineffective, duplicative, or unnecessary"—government agencies which have been familiar objects of attack under the Reagan Administration. These include organisations such as the Inter-State Commerce Commission, which regulates service transportation, the Economic Development Administration and Appalachian Regional Commission, and the Small Business Administration, which provides development aid to start-up companies. All of these would be *liquidated* under the President's proposals.

Also scheduled for liquidation is Amtrack, the private passenger service railway network which was originally created in 1971 as a profit-making corporation, but which has since swallowed up $12bn worth of Federal subsidies in operating losses, capital costs and other expenses.

The budget says that almost 90 per cent of Amtrack routes recover less than 56 cents to the dollar, while none recover fully allocated costs, and passenger revenues meet only 45 per cent of operating costs. It proproses that the subsidy should be stopped and Amtrack allowed to sink into bankruptcy, leaving open only those routes that local states would support.

MAJOR BUDGET COMPONENTS AND PROPOSED CHANGES

($bn)

	1986	1987	1988	1989	1990
Defence function:					
Current services	265.8	284.9	303.7	328.6	354.1
Policy change	—	−2.7	−4.5	−6.3	−9.3
Proposed level	265.8	282.2	299.1	322.3	344.8
Social security benefits:					
Current services	197.6	209.6	223.6	237.5	252.4
Policy change	—	—	—	—	—
Proposed level	197.6	209.6	223.6	237.5	252.4
Low income support benefits:					
Current services	40.2	40.1	42.7	43.1	43.0
Policy change	−0.1	−0.7	−0.9	−1.1	−1.3
Proposed level	40.1	39.4	41.8	41.9	41.7
Other non-defence programmes:					
Current services	371.5	377.8	399.3	416.8	436.7
Policy change	−2.0	−24.9	−35.8	−47.1	−58.1
Proposed level	369.5	352.9	363.5	369.7	378.6
Undistributed offsetting receipts:					
Current services	−34.6	−35.8	−40.7	−40.7	−41.9
Policy change	−1.2	−2.4	−5.6	−3.1	−7.3
Proposed level	−35.8	−38.1	−46.4	−43.8	−49.3
Net interest:					
Current services	141.5	149.2	148.7	142.8	135.1
Policy change	+1.2	−1.2	−3.6	−6.8	−9.5
Proposed level	142.7	148.0	145.1	136.0	125.6
Total outlays:					
Current services	982.0	1,025.9	1,077.3	1,128.1	1,179.3
Policy change	−2.1	−31.9	−50.5	−64.5	−85.5
Proposed level	979.9	994.0	1,026.8	1,063.6	1,093.8

Soviet Union attacks US 'militarisation'

By Patrick Cockburn in Moscow

THE SOVIET UNION strongly attacked President Ronald Reagan's State of the Union address, saying that it boiled down to continued growth in US armaments, the militarisation of space and increased intervention in the Third World.

The news agency Tass said Mr Reagan expressed the hope that summit meetings with Mr Mikhail Gorbachev, the Soviet leader, "can lead to a more stable relationship" between the US and Soviet Union, but made no mention of the Soviet initiative to eliminate nuclear weapons.

Tass said President Reagan emphasised in his address that the US must continue to arm itself and press ahead with the development of the Strategic Defence Initiative—Star Wars—to make nuclear missiles invulnerable, "and to get a free hand for the first nuclear strike."

Supporting cast takes a bow as Reagan turns on charm

BY REGINALD DALE, US EDITOR IN WASHINGTON

HAILING the "great American comback," President Ronald Reagan delivered his normal flawless oratorical performance in reporting on the state of the union on Tuesday night. Not surprisingly for such an inveterate optimist, he found the ship of state to be in remarkably good shape.

This year, however, more than usual attention focused on the bit players in the annual ritual before a packed joint session of Congress. Entrenched behind Mr Reagan like courtroom judges were Mr Tip O'Neill, the Democratic Speaker of the House of Representatives who is one of the President's bitterest foes, and Vice-President George Bush, in his ex-officio capacity as President of the Senate.

Only last week, the fiery Mr O'Neill lashed out at Mr Reagan, saying that he was sick and tired of his anecdotes, which he had never believed anyway, and bemoaning the President's failure to "grow in office." So Mr O'Neil looked particularly surprised when Mr Reagan turned to him with a military-style salute at the beginning of the speech and paid tribute to his nine years in the Speaker's chair, from which he is retiring later this year.

Political insiders were also keeping a close eye on Mr Bush, who had reportedly been warned by his advisers to smarten up his act this year if he wants to be taken seriously as presidential material for the 1988 elections. In past years, Mr Bush has been observed in the background scratching, stretching and yawning as Mr Reagan delivered his prime rhetorical flourishes. This year Mr Bush seemed to do better.

But the main suspense was over the identities of the supporting cast of "American heroes" that Mr Reagan traditionally produces like a conjuror at the start of his perorations. This year there had been some speculation that there would be the bereaved families of the seven Challenger space shuttle astronauts.

The Challenger was indeed represented, but in the shape of a 21-year-old scientist whose space experiment was destroyed in the explosion. Sitting beside him in the gallery, with Mrs Nancy Reagan, were two 12-year-olds and a 13-year-old, a girl who had rescued a younger child from the path of a school bus, an infant music prodigy and a boy who has launched a successful campaign to help the homeless in Philadelphia.

Next to each other, the two tall white youths, the shorter girl and the even smaller black child, looked like a graphic representation of the cross section of the electorate that votes for Mr Reagan.

Space and science received honourable mentions. Mr Reagan threw in a reference to the revolutionary "scramjet," on which the air force is working, which he said could reach Tokyo from Washington's Dulles airport in two hours, travelling at up to 25 times the speed of sound.

Mr Reagan's main themes, however, were much more down to earth. He stressed traditional family and community values and sounded repeated rallying calls on favourite conservative issues such as abortion, school prayer, the need for military strength to confront the Soviet Union and renewed aid for the anti-government Contra "freedom fighters" in Nicaragua.

Mr Reagan, who will be 75 today, described an agenda for the future led by "a rising America—firm of heart, united in spirit, powerful in pride and patriotism," in which poorer citizens must escape "the spider's web of dependency" on the welfare system.

Government's role must be re-defined: "not to control, not to command, not to contain us, but to help in times of need; above all, to create a ladder of opportunity to full employment."

But he was not to be allowed a monopoly of motherhood and apple pie. In their response to his speech broadcast immediately after, the Democrats showed that they are just as devout believers in the family, religion and patriotism.

Much was made of Thomas Jefferson, claimed as the "father" of the Democratic Party, with the camera sweeping from his memorial in Washington to his face carved in granite on Mount Rushmore in South Dakota.

The Democrats drew quite different conclusions from Mr Reagan about the state of the union, suggesting that the country was on the verge of economic disaster, with farmers crashing into bankruptcy and jobs disappearing abroad.

"The Republicans talk about helping the average American with their trickle down theories, but they side every time with the economic elite," said Mr Paul Kirk, the Democratic National party chairman.

ECONOMIC FORECAST

(%)

	1985	1986	1987	1988	1989	1990
Gross national product*	2.5	4.0	4.0	4.0	3.7	3.6
Price level†	3.3	3.7	4.1	3.5	3.2	2.5
Unemployment rates‡	2.8	2.7	2.6	2.5	2.3	2.2
Interest rate§	7.5	7.3	6.5	5.6	4.8	4.3

* Per cent change 4th quarter over 4th quarter in constant 1982 dollars.
† Per cent change 4th quarter over 4th quarter. Consumer Price Index.
‡ Insured annual averae.
§ 91-day Treasury Bills.

THE GROWTH OF FEDERAL DEBT AND NET INTEREST PAYMENTS

($bn)

	1985	1986	1987	1988	1989
Federal debt	1,828.0	2,112.0	2,321.0	2,509.0	2,684.0
Net interest outlays	129.4	142.7	148.0	145.1	136.0

COMPOSITION OF FEDERAL SPENDING

(Per cent of GNP)

	1960	1970	1980	1985
Defence	9.5	8.2	5.0	6.4
Non-Defence	8.7	11.5	17.1	17.6
of which:				
Payment for individuals	4.8	6.5	10.4	10.8
Other grants-in-aid to State and local governments	0.9	1.6	2.2	1.5
Net interest	1.4	1.5	2.0	3.3
All other	2.4	2.8	3.3	2.9
Undistributed offsetting receipts	−0.9	−0.9	−0.7	−0.8
Total	18.2	19.8	22.2	24.0

Source: Office of Management and Budget

Car-bomb injures 16 policemen in Santiago

SIXTEEN Chilean policemen were injured yesterday when a car packed with explosives blew up as their bus stopped at an intersection near the centre of Santiago, Reuter reports from Santiago.

A police statement said two of the men were seriously injured.

The Revolutionary Movement of the Left (MIR), an extremist group which has carried out guerrilla attacks in the past, claimed responsibility for the attack.

The blast occurred during the morning rush hour. Police said the car was parked near a stop sign on a route used daily by police buses to take special units to the centre of the city.

The car-bomb, estimated to contain 15 kg of explosives, was apparently set off by remote control.

The blast punched holes in the side of the police bus and shattered the windows of a commuter bus and surrounding buildings.

The MIR, in a statement left in the toilet of a restaurant in another part of the capital, said the police had been chosen for the attack because of their ruthlessness in suppressing anti-government protests and their alleged connection with "death-squad" murders.

It said the attack was carried out by the Arturo Villavela Command, named after a dead leader of the MIR.

It urged popular revolt and a general strike to overthrow the 12-year-old Government of President Augusto Pinochet.

Civil servants shut offices across Peru

SOME 450,000 Peruvian civil servants staged a one-day strike yesterday to press for pay increases, shorter working hours and the rehiring of sacked colleagues, Reuter reports from Lima.

Mr Cesar Pasalacua, secretary general of the government workers' union, said the stoppage paralysed most ministries, municipal offices, courts and universities.

The 24-hour strike was intended as a warning to the six-month-old Government of President Alan Garcia, Mr Pasalacua said. The workers might launch an indefinite strike this month unless their demands were met, he said.

Labour leaders are pressing for a 178 per cent pay increase to take average monthly salaries to the equivalent of $175.

Major US carmakers see January sales rise 1.8%

BY WILLIAM HALL IN NEW YORK

SALES of the big three US car manufacturers rose by 1.8 per cent in January from year-earlier levels as the companies continued to battle for market share by offering new car buyers unusually attractive financing terms.

General Motors (GM), the leading US car company which has been offering some of the most aggressive financing terms, registered a 5.3 per cent increase in domestic US car sales to 386,334 in January. By contrast, Ford's sales fell by 0.9 per cent to 149,380 in January and Chrysler's domestic sales dropped 8.3 per cent to 78,195.

GM says that January sales were a record for the company and buyer response to its 7.9 per cent annual percentage rate financing "continued to accelerate" GM says that market factors, particularly customer confidence, continue to "be highly favourable for car and truck sales" and it expects the momentum to continue.

The latest figures underline the increasing sensitivity of car sales to special financing terms, which are proving to be a costly marketing tool for the carmakers. GM, for example, is lending car buyers money at 7.9 per cent, against close to 20 per cent if the buyer borrowed money on his credit card.

January sales of the big three carmakers totalled 613,909 compared with 630,012 a year ago. Domestic US truck sales fell by 5.8 per cent to 253,611 in January.

US carmakers are finding it increasingly tough to raise sales without resorting to financing incentives.

Duvalier asylum pleas refused

BY ANDRIANA IERODIACONOU IN ATHENS AND CANUTE JAMES IN PORT-AU-PRINCE

GREECE has refused a request for political asylum and permanent residence from Haitain President Jean-Claude Duvalier, a government spokesman in Athens said yesterday.

The spokesman said Mr Duvalier had submitted the request to the Greek embassy in the Venezuelan capital Caracas and that "the answer was no."

The news that Mr Duvalier had requested asylum in Greece was first reported in the mass circulation Athens daily Ethnos (Nation) yesterday.

According to the newspaper the request was made on Tuesday this week. Mr Duvalier had previously petitioned Spain, Argentina, Switzerland and Italy for asylum without success and was now considering applying to Saudi Arabia, the report said.

The Swiss Government confirmed last night that it had rejected a request by Mr Duvalier to come to Switzerland with his family and an entourage of 50 people.

The news of Mr Duvalier's requests indicate continuing doubts over whether the 38-year-old dictator can hold on to power indefinitely in the face of continuing protests against his regime.

The applications for visas and permits were made after widespread demonstrations last week threatened to end the 28-year rule of the Duvalier family over the 6m people of this impoverished French-speaking Caribbean country.

Haitian Government officials, who have been sparring in their comments since the wave of protests began, yesterday denied they had heard about the applications. One foreign ministry official suggested somewhat cynically that the president could be "planning a holiday."

Mr Duvalier is appearing increasingly to be a reluctant dictator. He is reported to have made it clear that he is willing to step down and hand over to the army, but has been constrained by his wife and by older members of the legislature loyal to Mr Francois "Papa Doc" Duvalier, his father and former president, who died in 1971.

The President's intention to seek exile was conveyed to the US embassy and it may have been this that led the White House erroneously to announce Mr Duvalier's downfall last week.

Heavily armed soldiers and policemen yesterday continued to patrol the business district of the capital, Port-au-Prince. Most shops and offices in the area remain shut.

IN THE INTERNATIONAL DRINKS MARKET, TWO CAN DO BETTER THAN ONE.

The drinks world is currently ruled by international giants.

It's a sobering thought that two thirds of the whisky sold around the world is not Scotch whisky.

It is Canadian whisky. American whiskey. Even Japanese whisky.

So if Britain is to compete in the future, strong measures are called for now.

At Guinness, we believe the merger with Distillers will give Britain the strength it needs in the international arena.

Our new group will manage an arsenal of world famous brands.

And our combined strength will put us into the big league with the likes of Seagram and Suntory.

But this merger is not just about muscle.

It has a great deal to do with the special skills required to persuade new whisky drinkers in America, Japan and Europe to switch to Scotch whisky.

At Guinness, we have proven flair for advertising and brand development.

We will commit this talent to increasing sales worldwide.

And increased sales mean new jobs.

Together, Distillers and Guinness will be good for exports.

Good for jobs. And good for Britain.

We urge you to support our bid.

GUINNESS PLC

Guinness and Distillers. A stroke of genius.

This advertisement is published by Morgan Grenfell & Co Limited and The British Linen Bank on behalf of Guinness PLC. The Directors of Guinness PLC are the persons responsible for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of Guinness PLC accept responsibility accordingly. SOURCE: International Wine and Spirit Record.

WORLD TRADE NEWS

Aeritalia holds talks with Airbus on two projects

BY JAMES BUXTON IN ROME

AERITALIA, ITALY'S leading state-owned aerospace company, is holding exploratory talks with Airbus Industrie on the possibility of its joining the project to build the proposed *Airbus A330* and *A340* aircraft.

Aeritalia, which is part of the state-owned IRI Finmeccanica group, has up to now stayed aloof from the Airbus consortium. It has preferred to develop links with the two major US airliner producers, Boeing and McDonnell-Douglas.

However, in the past few weeks Mr Renato Bonifacio, chairman of Aeritalia, has had meetings with Mr Jean Pierson, chairman of Airbus Industrie, in which the two men explored the possibility of Aeritalia joining the consortium.

The last of these meetings is believed to have taken place last week.

Airbus is understood to be discussing with Aeritalia its participation in the A330, a project for a short- to medium-range airliner with two engines designed to carry 310 passengers and the A340, a long-range four-engined aircraft with 260 seats.

This week, Deutsche Airbus, the West German partner in the consortium, called on the British Government to make a swift decision on financing the participation of British Aerospace in the two projects.

British Aerospace is a partner of the French, Spanish and West German aerospace industries in Airbus.

Aeritalia is the only major European airframe maker not to have become involved in the Airbus consortium, despite considerable pressure from France.

When the consortium was formed in 1968, the Italian Government was not in a position to decide.

Subsequently Aeritalia pressed ahead with contracts with McDonnell-Douglas, for whom it manufactures part of the DC-10, DC-9 and MA-80 airliners, and with Boeing with whom it is a junior partner in the Boeing-767 project.

Only last summer, Mr Bonifacio said it was "almost impossible" that Aeritalia would join the Airbus consortium.

He pointed out that A340, or TA11 as it was called at the time, was in direct competition with a projected new McDonnell- Douglas airliner.

Aeritalia is also collaborating with McDonnell-Douglas in developing prop fan engines which could pose a threat to Airbus aircraft which use conventional by-pass engines.

Split over Gatt disputes procedure

By William Dullforce in Geneva

DIFFERENCES over how to improve the mechanism for settling trade disputes emerged this week in the committee preparing the ground for a new round of global trade negotiations.

Dr Clayton Yeutter, US Trade Representative, said last week that improving the disputes procedure with the General Agreement on Tariffs and Trade (Gatt) could be the highest US priority in the new round.

Businessmen engaged in international trade would continue to lose confidence in Gatt and the institution would ultimately fade into oblivion, if the dispute settlement system were not improved, Dr Yeutter said.

Some members of the preparatory committee, which completed its second two-day meeting yesterday, focused on the deficiencies of the Gatt procedure. Others singled out large trading countries and their failure to observe the finding of Gatt dispute panels.

One of the most notable instances of non-observance has been in the confrontation over citrus fruits and pasta products between the European Economic Community and the US, which was provoked by the EEC's failure to accept a panel finding that its citrus tariffs were *discriminatory*.

Views expressed in the preparatory committee varied between those favouring a tightening of the disputes procedure and those who saw greater clarification of Gatt rules as the best way of lubricating the existing mechanism.

Mr Arthur Dunkel, Gatt director-general and committee chairman, warned members against giving the impression that the procedure always worked badly. More than 90 per cent of panel findings had been adopted and implemented.

He indicated three underlying problems. Some important Gatt regulations had been left too vague. The procedure could not be effective, if countries delayed the formation of panels and their terms of reference. Political will was needed from governments to accept decisions that went against them.

Smaller countries' hesitancy to pursue disputes against big countries was ventilated.

The preparatory committee is conducting a preliminary review of the issues to be tackled in the trade talks. It should start formulating a programme in April to meet its mid-July deadline, by which it should have ready a draft declaration for trade ministers to launch the new round in September.

One key issue scanned this week has been trade in agriculture, where the question of how to apply a standtsill (the commitment by countries to take no further proctectionist measures *during negotiations*) to *farm* products was raised.

It was suggested that countries might commit themselves to maintaining existing levels of import access. Other issues covered this week included tropical products, tariff escalation and non-tariff barriers.

Moscow likely to borrow more in West

By David Buchan

THE Soviet Union is likely to "*increase sharply*" *borrowing* from Western banks, as well as step up gold sales and curb lending to Third World countries, in order to avoid cutting hard currency imports as a result of lower oil earnings.

This forecast was made yesterday by Dr Daniel Bond, director of CISI-Wharton research on centrally planned economies, to a seminar in London.

He estimated that Moscow could lose some \$6bn (£4.2bn) in revenue this year if oil prices average around \$19 for the rest of 1986. This prognosis came as senior officials of the UK Export Credits Guarantee Department were in Moscow negotiating a credit protocol expected to offer the Soviet Union new flexibility in UK trade finance, possibly in currencies other than sterling, to support a new five-year Anglo-Soviet trade pact due to be signed today.

Finns expected to decide next week on Otis deal

BY OLLI VIRTANEN IN HELSINKI

FINLAND'S foreign investments committee is expected to decide early next week whether or not to approve a controversial joint venture between Valmet, the state-owned industrial group, and Otis Elevator of the US.

Meanwhile, Otis, which was threatening to launch a lift price war in Finland if the deal was not approved by Valmet's politically-appointed supervisory board on Tuesday, has agreed to hold fire for another week.

The Valmet board and the Finnish Government have been under pressure from *Kone*, the leading Finnish lift maker, not to endorse a project involving its main international competitor.

However, Valmet executives and employees of the lift division are solidly in support of the venture. There has been speculation in Helsinki that Mr Matti Kankaanpaa, the Valmet chief executive, would resign if the Otis deal does not go ahead.

Mr Ian Reynolds, senior vice president of Otis Elevator International, said he was "disappointed and amazed" that a purely commercial decision had turned into a political one.

Otis entered the venture because it was eager to improve its position in the Scandinavian market where Kone is dominant and earns very high margins on its sales.

Otis has said that even if the deal does not go through, it will intensify its sales efforts in Finland and Scandinavia.

Finnish officials have warned Otis that they would consider making an anti-dumping investigation if the company began a price war. Mr Reynolds said yesterday that he would welcome such an inquiry. "Then we could see the real level of lift margins in Finland."

Nissan licence for Daewoo

NISSAN MOTOR has licensed Daewoo Motor of South Korea to produce small commercial vans for the local market, a Nissan spokesman said, *Reuter reports from Tokyo.*

Production will begin in the second half of 1987 at an initial output of 17,000 vans a year. It is forecast to rise to 30,000 a year in the next four years.

Daewoo, which is 50 per cent owned by General Motors of the US, will make about 90 per cent of parts for the vans, with components such as transmissions and brakes provided by Nissan.

Negotiations are required if Daewoo wants to export the vans, he added.

Australia and Spain study joint venture openings

BY DAVID WHITE IN MADRID

AUSTRALIA and Spain are studying openings for joint ventures in regions of the developing world where their respective influence is greatest, Asia/Pacific and Latin America, Mr John Dawkins, Australian Trade Minister, said in Madrid yesterday.

He said that China, where Spain has recently begun to exploit opportunities for co-operation projects, was an obvious field for this kind of collaboration and that Australian companies were also interested in expanding their hitherto limited markets in central and south America.

The two countries were looking at possibilities in Asia in medium-to-high technology sectors, in capital goods and in other manufactured products. In addition, the two countries' shared interest in food production might provide openings in Latin American countries, he said after talks with Spanish ministers.

Mr Dawkins, who is also visiting Portugal in a tour primarily aimed at lobbying the new EEC countries over reform of the Community's Common Agricultural Policy, said Australia was keen to increase coal sales for Spanish steel mills.

Cluff signs China oil search contract

BY ROBERT THOMSON IN PEKING

CLUFF OIL of the UK signed a contract in Peking last night for oil exploration rights in a southern section of the Yellow Sea, near Shanghai. The move comes amid falling oil prices and a day after China announced it was putting a ceiling on oil exports.

Mr Algy Cluff, chairman, observed that "at this time, it is very important to continue to maintain exploration. This particular agreement does not place any onerous conditions on the contractor in these difficult times."

The Cluff contract, in which Cluff has a 70 per cent interest and the Australian-listed Cluff Oil (Pacific) has 30 per cent, is the fifth joint exploration agreement to be signed with the China National Offshore Oil Corporation (CNOOC) in the second round of bidding for offshore rights.

Contracts have been slow in coming in the second round, despite confident predictions by CNOOC officials last year that there had been no decline in foreign interest in offshore exploration.

CNOOC said 24 companies had made bids in the second round, following the signing of 19 contracts in the first round, which opened in 1982.

Mr Cluff said the Chinese side had mellowed in its negotiating position from the tough stance taken during the first round. "They still argue the toss, but they are more realistic," he explains.

He suggested that many oil companies now have an over-pessimistic approach to offshore exploration in China because "the whole thing was hyped up by certain oil companies" in recent years, and the bonanza finds that some expected have not come about.

The Cluff contract area is directly offshore from the Subei Sedimentary Basin in Jiangsu Province, and totals 16,739 sq km. The area is in particularly shallow water, 5-15 metres, and the company is looking for a find of between 30m and 50m barrels.

China this week announced that oil exports in 1986 will not rise, after having forecast that increased oil exports would play an important role in overcoming the country's large trade deficit.

The Chinese, Asia's second largest oil producer (Indonesia is the largest), say they imposed the ceiling "to help stabilise" the world oil market.

Figures blur Peking trade problem

BY ROBERT THOMSON

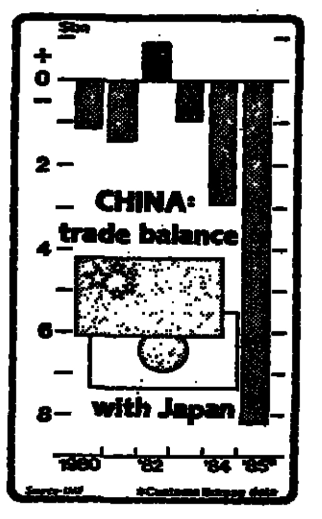
CHINESE statistics could hardly be described as precise, so while two sets of figures released recently show the country has a problem trade deficit, its seriousness is partly obscured by the unreliability of the statistics.

Depending on which department is to be believed, the country accumulated a deficit last year of either \$7.61bn (£5.46bn) or \$13.7bn.

The first figure comes from the Ministry of Foreign Economic Relations and Trade (Mofert), the most influential of four departments to produce trade statistics, and the second from the Customs Administration Bureau.

The Trade Ministry's figures are those used by China in trade discussions, but diplomats suspect that the customs figures more accurately represent the size of the deficit. For example, customs includes imports of parts for re-export. And Mofert does not.

Statistics aside, the Chinese Government will be struggling to strike a balance in trade this year without severely restricting omports—a move that would be unappealing in the year that it is expected to apply to rejoin the General Agreement on Tariffs and Trade.



China needs foreign technology to meet its ambitious production and development goals and while its import prohibited policies are crude, but effective, there is little room for manoeuvre in pruning imports, which have already been cut back by restrictions on consumer durables and motor vehicles.

Peking's attitude has been to take a tough approach with countries in surplus, warning them that it will simply not have enough money to buy imports unless they buy more Chinese goods.

Continuing pressure will be applied on Japan, the US and the EEC, which recorded trade growth of 24.5 per cent last year, to step up purchases.

Lifting exports will not be easy. Last year, despite central government emphasis on earning hard currency through foreign sales, exports rose by only 5.7 per cent on 1984, while imports rose 31.8 per cent according to the Mofert figures.

Mofert estimated that total trade last year was \$59.21bn, with imports at \$33.41bn and exports at \$25.8bn. The Customs Administration Bureau put total trade at \$66.7bn, with imports at \$40.2bn and exports at \$26.5bn.

Chinese officials have been talking tough, in particular, to the Japanese, who are the country's major trading partner with just under a third of total volume and a surplus last year of \$4.37bn (Mofert) or \$8.19bn (customs).

In December last year, China's leader, Deng Xiaoping, was reported to have told a visiting Japanese delegation that if the "imbalance is not corrected, it is impossible for their economic contacts." Deng said China had been in deficit for two years, and that a third year would be unacceptable.

Deng is believed to be increasing the pressure on Japan, which recently signed a contract to purchase 12.5m metric tonnes of crude oil and coal annually from China.

The slump in oil prices has further complicated China's trade position, and highlights the country's dependency on primary products, which account for just over half of exports.

A Mofert spokesman, Huang Wenjun, said China was hoping to increase the quantity of its manufactured exports, but it just did not have the range of products to shift the export weight away from oil, coal, and textiles.

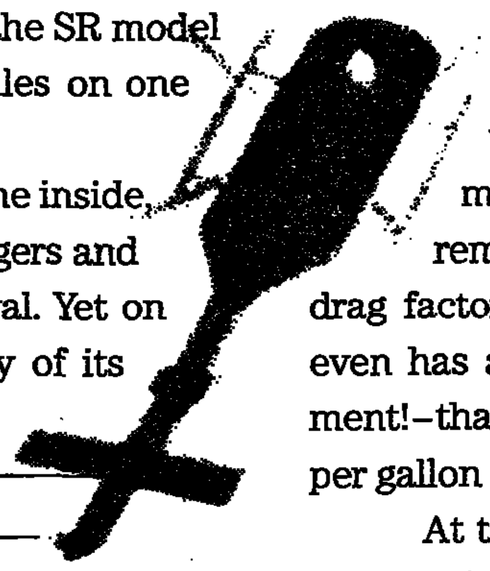
While China's trade with the Eastern Bloc has risen dramtically in the past year, with Sino-Soviet trade up 61 per cent to \$1.9bn, the Soviet Union does not have much of the sophisticated equipment hCina needs for its key projects in energy development and communications.

THE REALITY IS EVEN BETTER THAN THE DREAM.

When we set out to create the new Peugeot 309 family hatchback, we had one dream. To take a fresh look at familiar design problems and find new, more intelligent answers.

The result? A car so aerodynamic it achieves remarkably low drag factors without the need for outlandish styling.

So economical that on a recent RAC observed test, on ordinary roads, the SR model covered an extraordinary 698 miles on one tank of petrol.



So well-designed that on the inside it has more room for both passengers and luggage than even its fiercest rival. Yet on the outside it's slimmer than any of its competitors.

A FULL RANGE OF MODELS

There's a model to suit everyone in the 309's comprehensive range. First in line is the GE, with a choice of two alloy-headed engines – 1.1 or 1.3.

It's available from as little as £4,995, yet already it boasts an impressive range of equipment, including halogen headlamps and laminated windscreen. And on the GE 1.3 (and every model upwards) there's a 5-speed gearbox as standard.

Next come the 309 GL models, complete with a whole host of extra features. A tailgate wash/wipe, remote control door mirrors and a 4-speaker stereo radio/cassette – they're all standard on the GL.

There's a tantalizing choice of engines too – either the 1.3 or a dynamic 1.6 developed from the one in the famous 205 GTI. The GL models start at £6,135.

With £6,625 you can move up again, to the GR models. Not only do the GR's offer an even higher equipment level, they also include the remarkable "Profile" version, with its 0.30 drag factor. So aerodynamic is the Profile – it even has air deflectors in the engine compartment! – that it can deliver no less than 58.9 miles per gallon at a constant 56 mph.

At the top of the range sits the SR. From its luxurious sculptured seats to its digital 4-speaker stereo system, the SR is a thoroughbred in the finest Peugeot tradition. Wide wheels and tyres, a rear spoiler and the 1.6 engine as standard are just some of the features which make the SR a superbly complete car at just £7,395.

For a comprehensive information pack on the 309 range, telephone 0272 217205. Or call in at your local Peugeot Talbot dealer. Arrange to test-drive any model of your choice, and let your own dream begin.

THE NEW PEUGEOT 309

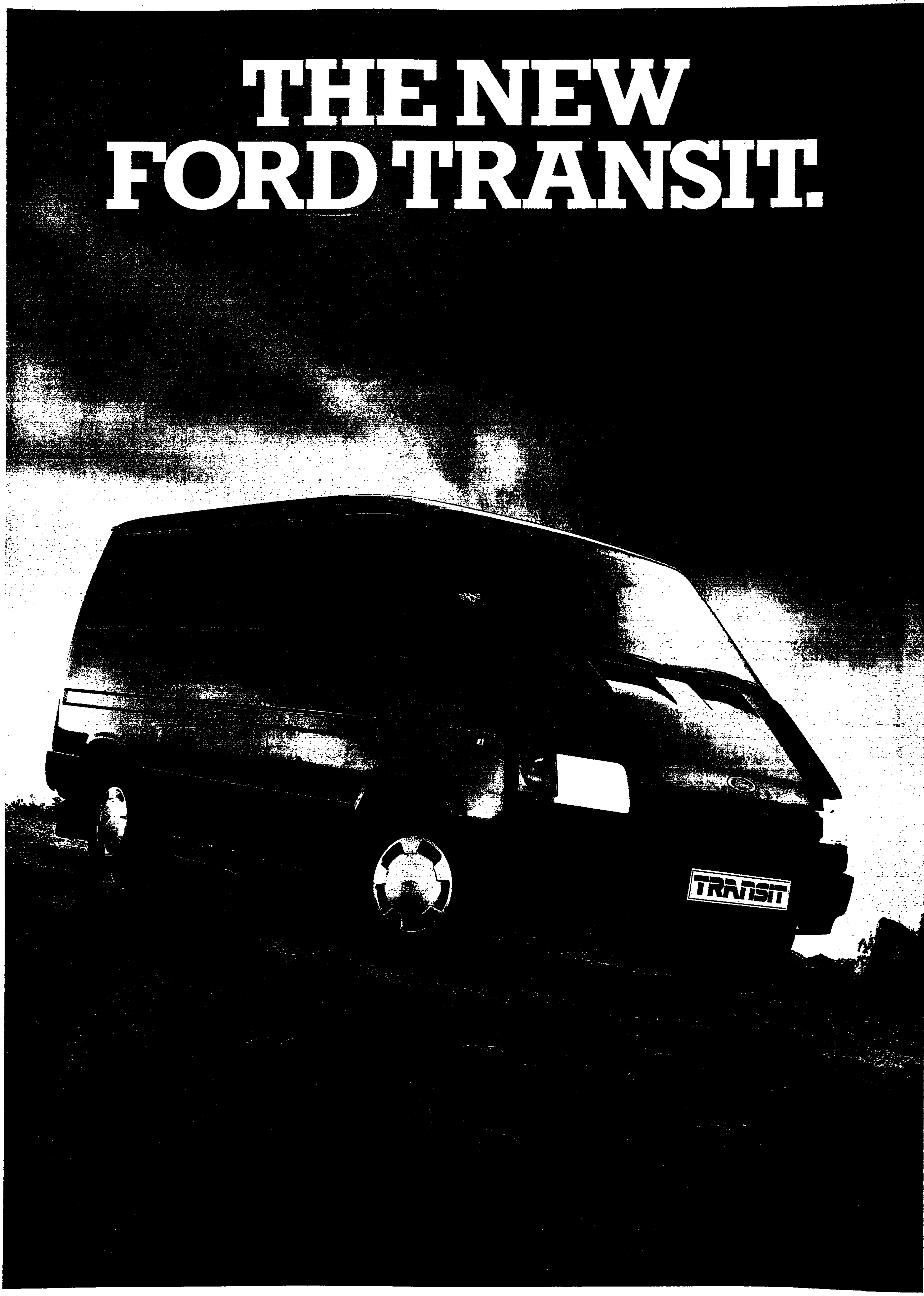
THE LION GOES FROM STRENGTH TO STRENGTH.

FROM £4,995 TO £7,395

PRICES EXCLUDE NUMBER PLATES, ROAD TAX AND DELIVERY AND ARE CORRECT AT THE TIME OF GOING TO PRESS. OFFICIAL D.O.E. FIGURES FOR PEUGEOT 309 G.R. PROFILE: M.P.G. (1/100 KM) 58.9 (4.8) AT A CONSTANT 56 MPH. 44.8 (6.3) AT A CONSTANT 75 MPH. 36.7 (7.7) SIMULATED URBAN CYCLE. FOR 309 SR: 55.4 (5.1) AT A CONSTANT 56 MPH. 42.2 (6.7) AT A CONSTANT 75 MPH. 33.2 (8.5) SIMULATED URBAN CYCLE.

PEUGEOT TALBOT

1985 WORLD RALLY CHAMPIONS


THE NEW
FORD TRANSIT.
TRANSIT

THE NEXT CHAPTER HAS BEGUN.

Transit number one rolled off the Ford production line in 1965. Last year the astonishing figure of 2,000,000 was reached.

It's by far one of the most outstanding motoring success stories of the century.

Now the next chapter has begun.

EVOLUTION NOT REVOLUTION.

But why should Ford alter a vehicle that already claims around one third of its market?

Well, the simple answer is, to make it even more impressive.

Ford have combined all the most successful features of the last twenty years with all the latest knowledge and technology.

They've produced a Transit that's even more economical, yet has far greater loadspace and better load access. A vehicle with a higher level of comfort but that is even more rugged, even more reliable.

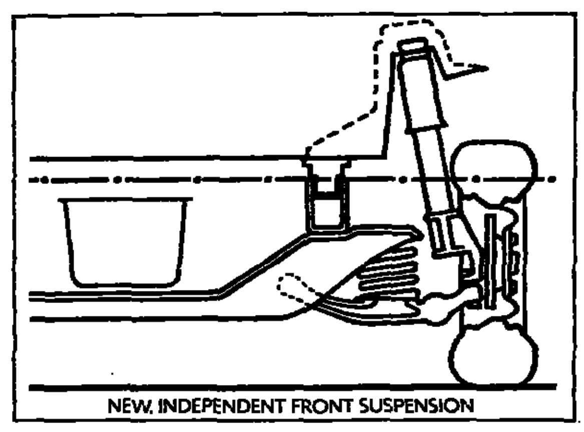
THE CLASSIC DESIGN CONCEPT.

The design concept is a classic. The cab, engine and loadspace are located in 3 separate compartments, so no one element interferes with the others.

Rear wheel drive makes for reliable running and easy servicing. And by using high tensile steel in the underbody of short wheelbase models, an already rugged vehicle has been made even stronger.

Self adjusting mechanisms and lubricated-for-life components have been included in the design to cut maintenance costs. Even the bonnet hasn't been overlooked on the redesigned Transit – it opens higher and wider for easier access to the engine.

STRETCHING FUEL ECONOMY BOUNDARIES.



NEW INDEPENDENT FRONT SUSPENSION

Ford have also made the new Transit cheaper to run.

Aerodynamics have been improved dramatically giving the new Transit a drag co-efficient few can equal.

The 1.6 and 2.0 litre petrol engines are among the most reliable and cost efficient on the road. While no unit of its kind can match the fuel consumption figures of the world-beating 2.5 litre direct injection diesel.

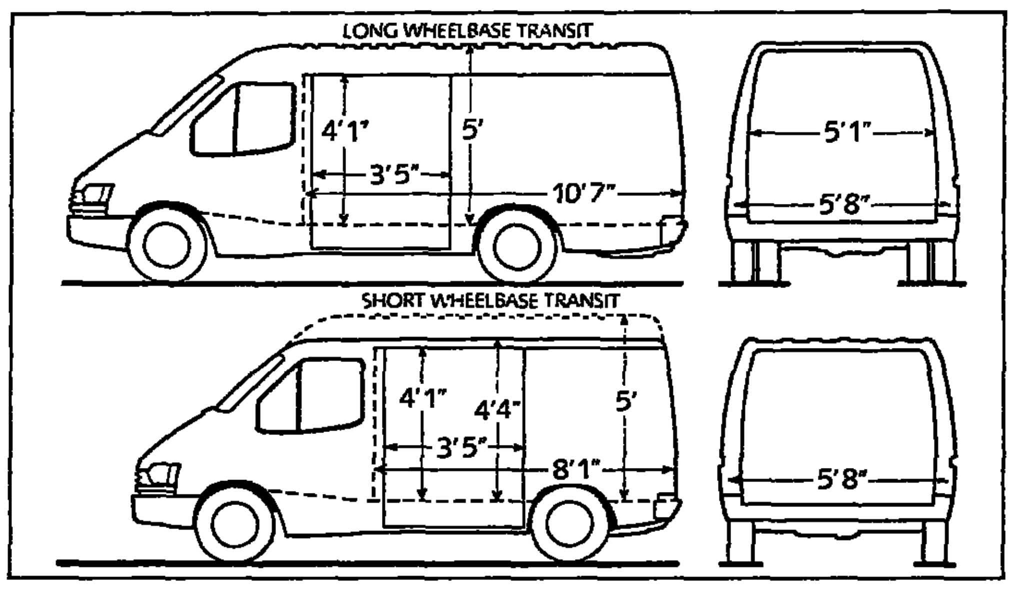
Add all this to the versatility and economy of Ford's own gearboxes and you've got a cost-cutting combination.

A new 5-speed box is standard on the long wheelbase petrol models and available as an option on all the short wheelbase models. And there's a 4-speed box with overdrive featured as standard on most of the long wheelbase diesels.

TAKING LOADSPACE INTO ANOTHER DIMENSION.

As for loadspace, the new Transit boasts even more than its illustrious predecessor.

The long wheelbase features a semi-high roof with 297 cubic feet of loadspace–a 13.5% improvement. The short wheelbase offers 11% more room



than before with 202 cubic feet. But short wheelbase models also have a semi-high roof option, boosting the loadspace improvement to 22%. Payloads are amongst the best in their respective classes, too.

Access has also been improved.

The rear doors are up to 9" taller and rear loading width is up to 5½" greater. A new low-effort, sliding side-door is now available and can swallow a metre-wide pallet without a scrape. There is also a built-in step making walk-in loading possible.

KEEPING THE DRIVER HAPPY.

What's more, Ford haven't forgotten the driver.

The cab has 30% more glass and wider doors. The seats are more comfortable and the overall resistance to front impact has been increased to a level that surpasses the EEC regulations.

And short wheelbase models feature independent front suspension for the first time, giving much greater driver comfort and better handling.

LEAVING YOUR OPTIONS OPEN.

Needless to say the new Transit is versatility itself.

It's available in van, chassis cab, bus and crew-bus models with a choice of seven payloads and three wheelbases.

With over a thousand Ford dealers spread across the country your options are also open when it comes to arranging a test drive.

In the success story that is Ford Transit, the next chapter has begun.

Ford

THE NEW FORD TRANSIT.

UK NEWS

TUC upholds complaints against union

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE general council of the Trades Union Congress (TUC) last night found the electricians' union, the EETPU, "guilty" of five of the seven charges arising out of the dispute over Mr Rupert Murdoch's News International (NI) new plant at Wapping, east London.

With suspension and later expulsion of the union a real possibility, the council was considering late last night what instructions to give to the union and what penalty to level against it.

Mr Eric Hammond, EETPU general secretary, earlier defended his union before the council against charges of colluding with NI to operate the plant without the main print unions.

He charged the print unions with "bad judgment" and "incompetent leadership" in the dispute and told the 51 council members that suspension of his union "would defy both common sense and natural justice."

Suspension of the 380,000-strong EETPU, which has frequently talked of its ability to prosper outside the TUC, is widely seen as the most damaging threat to the unity of the trade union movement for decades.

Mr Hammond, however, mounted a strong counter-attack on the print unions' charges, which were laid last week. In an uninhibited opening statement to the council, he told his fellow members that some of them had already made up their minds to suspend the union in order to poach its members or because they were under pressure from left-wing activists.

He told them that "the TUC procedures have been used in a special and discriminatory way. If the problem is the production of NI titles at Wapping, how is it that we alone are formally complained of?"

There were, he said, some 700 members of the National Union of Journalists and 700 members of the Transport and General Workers' Union assisting in the production and distribution of the titles – but only 180 EETPU members.

The newspapers concerned are The Times, Sunday Times, Sun and News of the World.

Mr Hammond said that if "cleared" of the charges, the union would attempt to assist the 5,000 print union members who have been dismissed by NI after taking strike action – "It would be foolish to pretend any optimism but we would be willing to try."

In a 32-page document the union makes a detailed refutation of the print union charges that it has supplied labour to the NI plants at Wapping and Glasgow and that it has defied TUC instructions in seeking a legally binding no-strike agreement with the company.

The document says that Mr Norman Willis, the TUC general secretary, in telling the union not to negotiate with NI, had acted in an "unprecedented manner which was completely contrary to both the letter and the spirit of the TUC rules."

The document is sharply critical of industrial relations in Fleet Street.

Plutonium released at Sellafield N-plant

By David Fishlock

PLUTONIUM released from a faulty pump yesterday contaminated a building at the heart of the Sellafield factory of British Nuclear Fuels in Cumbria, north-west England.

It is the latest in a series of well publicised incidents involving releases of radioactivity at the factory, starting in 1973 and culminating in a £10,000 fine last year for contaminating Cumbrian beaches late in 1983.

The pump involved in the latest incident was handling plutonium solution from the reprocessing of spent nuclear fuel, on a pipeline used to sample the operation for chemical assay.

The release of radiation triggered an amber alert, indicating the presence of radioactivity in the air.

Several dozen employees – all male – promptly evacuated the building, following standard safety procedures, the company said.

Mr Graham Smith, general manager of the Sellafield factory, said all who were in the building had been checked medically by a "nose blow" test to see if they had inhaled any plutonium. All had been allowed to return home last night, Mr Graham said.

A small amount of radiation had been vented from the plant chimney before the ventilation was shut off, but it amounted to only about 30 micro-curies of alpha-activity – about a fifth of the daily dose of background radiation everyone receives from natural sources, Mr Graham said.

GOVERNMENT DETAILS LATEST PRIVATISATION PLANS

Water sale might raise £6bn

BY RICHARD EVANS

THE GOVERNMENT'S plan to sell off the water industry in England and Wales, probably the most politically controversial of all its privatisation proposals, means that the first regional water authorities might be in the hands of private investors by the end of next year.

A White Paper (policy document) published yesterday setting out the timetable for privatising the £27bn industry contained no estimates of what the sale might raise.

But Thames Water, the largest and most profitable authority, is expected to fetch up to £1bn and the total from all 10 authorities might reach £6bn. That compares with the £3.9bn from the flotation of British Telecom.

The White Paper, presented by Mr Kenneth Baker, Environment Secretary, argues that the nationalised water industry has been transformed into 10 modern businesses with improved finances, increased investment and substantially improved efficiency and performance.

"The industry is now in a state where it can be privatised. This will enable it to achieve further improvements in service more easily than it could in the public sector. Private enterprise is both more flexible and readier to pursue energetic and innovative approaches than the public sector."

The demands of the market would give management and staff the impetus needed for greater efficiency. Freeing the authorities from the constraints of state ownership would help them to carry out their tasks with "vigour and imagination," it says.

Among the reasons given for the transfer to public ownership of the industry are:

● The authorities will be free of government intervention in day-to-day management and protected from fluctuating political pressures.

● They will be released from the constraints on financing imposed by public ownership.

● Access to private capital markets will make it easier for the authorities to pursue effective investment strategies for cutting costs and improving standards of service.

● The financial markets will be able to compare the performance of the individual water authorities against each other and against other sectors of the economy. That will provide the financial spur to improved performance.

● A system of economic regulation will ensure that the benefits of greater efficiency are passed on in the form of lower prices and better service.

Water will be a substantial addition to the Government's privatisation programme, setting free 10 major businesses and adding a further 51,000 jobs to the 400,000 that have already been transferred to the private sector, says the White Paper.

The principle of integrated river basin management – a single body controlling water and sewerage in each river catchment – has worked well since it was introduced in the 1973 Water Act, and it will be retained. The water authorities will be privatised on the basis of their existing boundaries.

The Government wants the authorities to continue to carry out their responsibilities for the management of rivers, control of pollution, fisheries, environmental conservation, recreation and navigation. But special arrangements will be made for land drainage and flood protection, which will be retained in the public sector.

The White Paper says the overall aim is to keep the structure of the industry as simple as possible and promises safeguards against abuses and protection for consumers' interests.

However, Opposition MPs reacted angrily to the plans and said the Government had no right to sell a natural asset that could be exploited in private hands. Mr Jack Cunningham, Labour's environment spokesman, pledged that a future Labour government would return the authorities to the public sector.

Trade unions representing the 51,000 employees in the industry are seeking legal advice on whether the Government has the right to sell the industry, because no compensation was paid to local authorities when it was reorganised into regional authorities in 1974.

Reaction within the industry was mixed, with Mr Roy Watts, chairman of Thames Water and a leading advocate of privatisation, welcoming the Government's "enlightened" approach to customer interests.

Mr Len Hill, chairman of the Water Authorities Association, said he was relieved at the way the proposals preserved the present river basin system, but he was worried at the suggestion of a uniform formula for controlling all charges.

Editorial comment, Page 18

Thatcher's account of Westland supported

By Bridget Bloom

THE all-party defence committee of the House of Commons held nearly six hours of hearings into the Westland Helicopters affair yesterday.

However it failed to get appreciable new information either on the critical question of the leaked Solicitor General's letter to Mr Michael Heseltine, the former Defence Secretary, or on the controversial exchange of letters between Sir Raymond Lygo, chief executive of British Aerospace, and Mr Leon Brittan, the former Secretary for Trade and Industry.

Sir Robert Armstrong, the Cabinet Secretary, gave evidence entirely on the Solicitor General's letter.

Sir Robert was responsible for the internal government inquiry which reported that Mr Leon Brittan had given authority for the public disclosure of the letter on January 6. The Prime Minister, Mrs Margaret Thatcher, the Prime Minister, later said that she did not know of this disclosure by Mr Brittan until she received Sir Robert's report.

The story as told by Sir Robert was basically that disclosed by the Prime Minister in the Westland debate on January 27.

Sir Robert had no doubt that Mr Brittan gave authority for the Solicitor General's letter to be disclosed to the Press Association news agency, although it was not clear whether he had said how this should be done or whether he had any role in deciding which passages should be released.

Sir Robert said misunderstandings had arisen between the five officials concerned – whom he refused to name – over whether the Prime Minister's office actually agreed to or merely accepted that the DTI should leak the letter.

Sir Robert said he found no evidence that the Prime Minister knew of the leak before he showed her his report. Her version in her statement to the House on January 23 that it was to get information contained in the Solicitor General's letter 'into the public domain that I gave my consent,' had been a slip of the tongue, he maintained.

The committee later heard evidence from Sir Austin Pearce, the British Aerospace chairman, and Sir Raymond Lygo, the chief executive.

Cable TV franchises awarded

FOUR cable television franchises were awarded yesterday by the Cable Authority, the industry's regulatory body. They bring to 20 the number of multi-channel cable franchises awarded so far in the UK, Raymond Snoddy writes.

The successful applicants are:

Cable Camden, a company whose shareholders include Investors in Industry, Logica UK, Mercury Communications and McNicholas Construction. The franchise is for Camden in London.

British Cable Services, owned by Pergamon Press and Mr Robert Maxwell, has been awarded the franchise for Cardiff and Penarth in Wales.

Lancashire Cable Television, whose biggest shareholders include the Oyston group of companies and Atlas-Gest of Canada, has the franchise for central Lancashire.

Cablevision (Scotland) has been awarded the franchise for Edinburgh. Its shareholders include British Linen Bank, Ferranti Holdings, Grampian Television and D. C. Thomson.

□ THE TRADES Union Congress and the Confederation of British Industry are to have joint discussions on the need for greater flexibility in the labour market.

The agreement to hold talks was made yesterday at a meeting of the National Economic Development Council.

□ BRITAIN'S travel account in the first 11 months of last year showed a surplus of £522m, compared with a deficit of £100m in the same period of 1984.

According to the Department of Employment, visitors to the UK spent £5.14bn, a rise of 19 per cent on the 1984 period. UK residents going abroad spent £4.62bn, a rise of 4 per cent.

□ THE WINE and Spirit Association claimed yesterday that trade in fortified wines such as port and sherry was being "strangled" by taxation. It said the average tax burden had risen by 18 per cent in real terms in the five years to 1984-85, while sales had fallen by 16 per cent.

□ THE DAILY newspaper planned by former journalists on the Daily Telegraph is to be called The Independent. Mr Andreas Whittam-Smith, the editor, said yesterday that plans for the launch in October were on schedule.

□ RENISHAW RESEARCH, the product development subsidiary of the Gloucestershire-based Renishaw group, yesterday announced plans to build advanced manufacturing systems at Cwmbran, South Wales, creating more than 500 jobs over the next three to four years.

□ MARKS & SPENCER, Britain's biggest retailer, is installing £10m of computerised ICL checkout equipment into 50 of its largest stores.

□ AUSTIN ROVER states that it has 26,000 blue-collar employees, not 38,000 as reported in yesterday's Financial Times.

Argyll seeks to have Distillers' deal with Guinness ruled void

BY LIONEL BARBER

ARGYLL, the supermarkets group, yesterday issued a High Court writ seeking to nullify the controversial agreement under which Distillers is shouldering the costs of an agreed £2.2bn bid from Guinness.

Argyll, whose £1.9bn hostile bid for Distillers, the spirits group, was topped by Guinness last month, said its writ was supported by about 10 financial institutions that are Distillers' shareholders.

The agreement involves a commitment by Distillers to shoulder the initial £14m underwriting costs of the Guinness offer, coupled with legal, merchant banking fees and advertising. If Guinness succeeds in its bid, total costs are likely to be at least £65m.

Mr Ernest Saunders, chief executive of Guinness, the drinks, retail and leisure group, denied that either Distillers or Guinness had acted illegally and promised to defend the High Court action vigorously.

Mr Bill Spengler, deputy chairman of Distillers, said there was nothing improper about the agreement. "This is another tactic by Argyll to deflect attention from the merits of the proposed merger with Guinness."

Last week, Argyll sought to block the agreement by complaining to the full Take-over Panel. But the panel ruled that it did not constitute frustrating action in breach of the takeover code.

The decision to sue Distillers was taken after consultation with institutions, which included Prudential, Sun Life, Royal Insurance, the Trustee Savings Bank Pension Fund, Norwich Union and Globe Investment. Several of those institutions have publicly voiced disquiet over the Distillers-Guinness agreement.

The Argyll action has been brought under section 151 of the Companies Act 1985 which prohibits a company from providing financial assistance for the purchase of its own shares.

Argyll is also trying to secure an injunction restraining Distillers from making any further payments to Guinness.

Argyll's writ comes shortly before the Office of Fair Trading is to make a recommendation to the Department of Trade and Industry on whether to refer the Guinness bid to the Monopolies Commission

Aid sought by Kent over Channel tunnel

BY ANDREW FISHER, TRANSPORT CORRESPONDENT

CONCERN that a Channel tunnel would benefit northern France more than south-east England has prompted Kent County Council to press the UK Government to play a much greater role in the county's road and infrastructure developments.

Mr Michael Odling, chairman of Kent's development planning and transport committee, said yesterday that the council had proposed a study of the tunnel's economic effects to be jointly commissioned by the Government and the council.

He was speaking at a hearing of the House of Commons transport committee in Maidstone, Kent.

The county also wants the Government and Channel Tunnel Group-France Manche (CTG-FM), which will build the fixed link, to provide "substantial assistance" for the cost of local road improvements.

CTG-FM will pay for roads with immediate access to its terminals. But the council's written submission to the committee said existing traffic conditions were already unacceptable to residents in many areas.

"The extra traffic attracted to the tunnel will be seen as 'the last straw' unless remedial action is taken urgently," the council said.

The Government has stated that it will go ahead with necessary work for motorways in Kent, although the council said yesterday that more needed to be done.

It also said in its submission to the committee that it had identified about £60m of work that needed to be carried out to improve county roads.

Oil output from N. Sea forecast to stay high

BY MAX WILKINSON, RESOURCES EDITOR

LOWER OIL prices will have little effect on output from the UK sector of the North Sea during the next few years, the stockbroker James Capel says in a study published yesterday.

The paper, by the energy and economics research team, says that even if the price of crude was to fall to $10, Britain's North Sea production would be unaffected until 1988.

A computer study of 48 fields, including those on the UK mainland, suggested that even if oil was $5 a barrel all fields would be able to cover their operating costs even though they might not provide an adequate return on the capital already invested in exploration and development.

Mr Capel says: "Some of the larger oil companies may cut back production by extending their maintenance programmes in the summer. However, such work is unlikely to cut total production by more than 4 per cent to 7 per cent."

In the longer term, the study suggests, lower oil prices would have some effect in reducing North Sea output because some exploration and development would not go ahead

● The UK last year used 4.4 per cent more energy than in 1984 and the end last March of the year-long miners' strike helped to raise output of total primary fuels for 1985 by 21.1 per cent, according to figures published yesterday by the Department of Energy.

Mr Peter Walker, Energy Secretary, said yesterday that as much coal was now being produced as before the strike, but with 35,000 fewer miners

Allianz pays £2.4m for Affiliated purchase

BY CHARLES BATCHELOR

ALLIANZ, West Germany's largest insurance company, has carried out its second purchase of a British insurer this year with the acquisition of a controlling stake in Affiliated Legal Protection for £2.4m.

The Affiliated deal was completed a few days after last month's announcement from Allianz that it had reached agreement to buy Cornhill Insurance, the UK composite company, from BTR, the British holding company, for £305m.

Affiliated is a Bristol-based company which is being set up by a team of managers that left DAS Legal Expenses Insurance, the leader in the £25m British legal protection insurance market, last November. Affiliated hopes to obtain Department of Trade and Industry approval to start trading in May and aims to achieve premium income of £500,000 this year.

Legal protection insurance provides cover against the costs of fighting a legal action and is often sold in conjunction with motoring or household policies. It is well developed in West Germany, but is only a small, if fast-growing sector in Britain.

Affiliated said the purchase provided further evidence of Allianz's commitment to establishing a broad presence in the UK market.

Allianz fought a bruising takeover battle in 1983 for Eagle Star, the large British insurer, but lost to a £968m counter-bid from BAT Industries.

Datasolve seeks funds for publishing unit

BY JASON CRISP

DATASOLVE, one of Thorn EMI's main computer subsidiaries, is seeking outside investment in its electronic publishing division, which includes World Reporter, its news and current affairs database.

The move comes amid growing signs of an impending shake-up in Europe's fledgling electronic information services, which face powerful competition from well-established companies in the US. At least one very large UK company is also expected to launch a database service for business this spring.

Datasolve has not yet taken a firm decision but it is keen to strengthen its Information Services division by becoming an international operator through joint ventures. It is looking at a number of options for joint ventures, including the sale of up to 50 per cent of the division to an outside company.

The additional finance would enable it to increase investment at a critical period in the development of information databases. Datasolve, one of the largest computer bureaux in the UK, is profitable and growing at about 15 per cent a year. However, its struggling parent, Thorn EMI – which has been selling a number of businesses – is unlikely to approve any additional capital expenditure in the high risk area of electronic publishing.

World Reporter publishes electronic editions of 12 publications including the Financial Times, Washington Post, TASS, BBC External Services News and The Guardian.

GEC seeks extra time to test new Nimrod computer

BY JANE RIPPETEAU

GENERAL ELECTRIC Company (GEC) is seeking further delays before committing itself to a fixed-price contract with the Ministry of Defence for the completion of the Nimrod early warning system.

At the same time, it has told the Government that it is willing to absorb up to £10m of the project's development costs between now and July if it fails by then to meet the RAF's specifications.

Mr George Younger, the Defence Secretary, has already decided to recommend to the Cabinet that the costs of alternatives to Nimrod, which should have been in service three years ago and is believed to have cost £1bn to develop so far, should be explored.

Among the options is the US Awacs aircraft made by Boeing and in service with Nato since 1982.

Mr Younger had meetings last week with Mr James Prior, GEC's chairman, and Lord Weinstock, its managing director, but is understood to have been unconvinced that their proposals were sufficient to make the exploration of alternatives unnecessary.

The intention had been to put the project on a fixed-price basis, rather than the present cost-plus basis – whereby GEC is paid its development costs plus a fixed percentage – by the beginning of this year.

GEC says it needs the extra six months to test a higher-powered computer and a new high-speed signal processor which it hopes will solve some of the persistent problems it has had in meeting RAF specifications.

The computer system is at the heart of GEC's problems with Nimrod, Mr Prior said. "On a number of occasions we have pointed out to the Ministry of Defence that the computer is not big enough. But they have not allowed us to put in a bigger computer. They would not spend the money."

In addition, GEC said the original specifications it was set had been raised.

GEC estimates that it would cost a further £340m to £400m to complete the project and equip the 11 Nimrod aircraft that are ready to receive their avionics equipment.

Those estimates, submitted late last year, are believed to have included the new computers. However, the system would still take three to four years to complete and would meet only what the RAF terms a minimum initial operating capability.

The RAF's concern stems from the extra sums needed to bring the system up to its standards for Britain's defence requirements in the 1990s.

This advertisement is published by N.M. Rothschild & Sons Limited and J. Henry Schroder Wagg & Co. Limited on behalf of Hanson Trust PLC. The Directors of Hanson Trust PLC are the persons responsible for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of Hanson Trust PLC accept responsibility accordingly.

THE BASIC PHILOSOPHY OF HANSON TRUST, AS EXPLAINED BY A BRICK, A DOUBLE SCOTCH, A FRANKFURTER AND A 13-AMP PLUG.

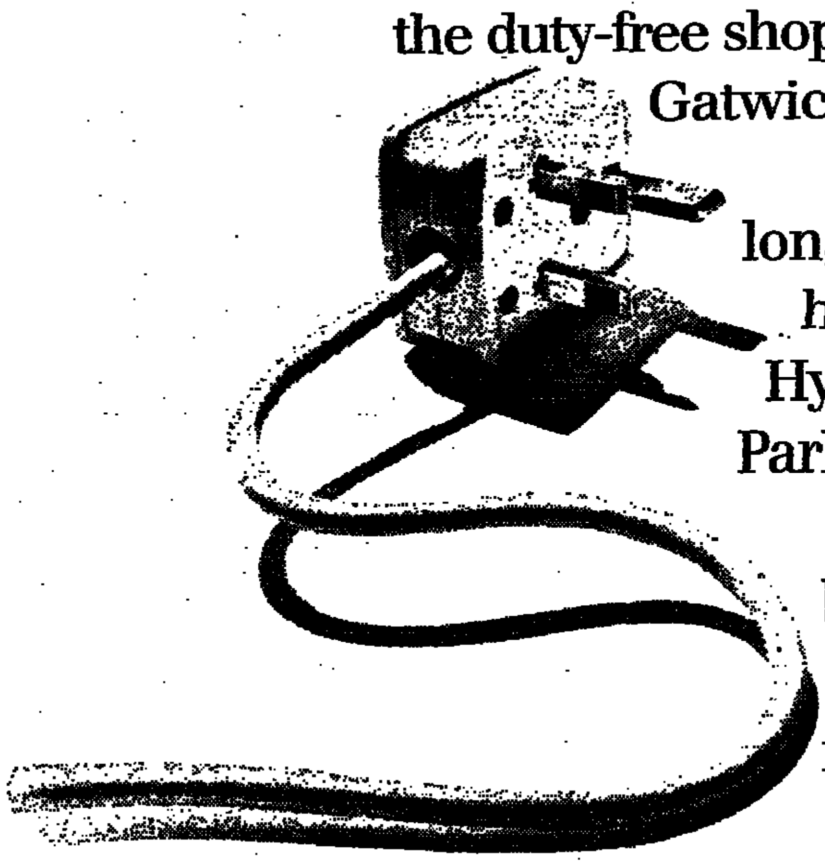
Hardly the four most exciting objects known to modern man, are they? Yet together they illustrate perfectly the wisdom of the policies we pursue at Hanson Trust.

Namely, to operate only in industries which provide basic goods and essential services to proven markets.

Now some would have you believe that these are 'declining' industries. But what do you think?

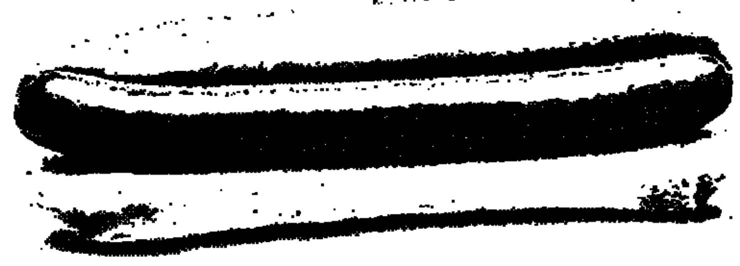
Are houses no longer built with bricks? (We own the world's largest independent brick maker.)

Do travellers no longer stock-up on duty-free Scotch? (We operate the duty-free shops at Heathrow and Gatwick.)



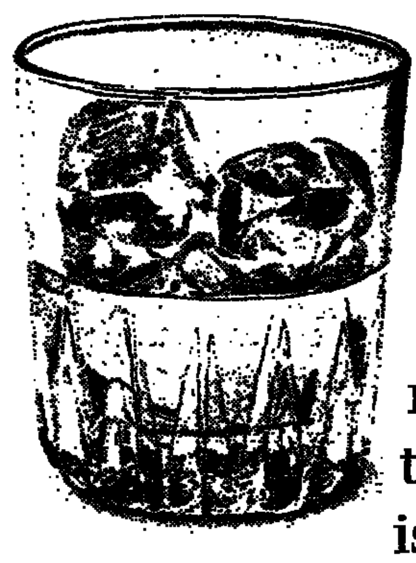
Do Americans no longer hunger for the hot dog? (We own Hygrade, whose Ball Park frankfurters are America's second biggest brand.)

Are people now sticking bare wires into electric sockets? (We own Crabtree, one of the country's largest producers of plugs and other electrical fittings.)



The point is, our 100-plus companies produce goods and services that meet basic human needs.

And using our judicious blend of tight financial control, hands-off management and performance incentives, they also produce excellent returns on capital employed.

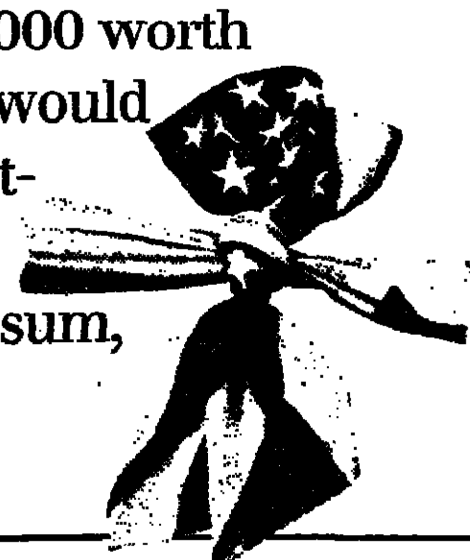


But perhaps the most telling testament to our basic philosophy is not how well our companies have fared.

It is how well our shareholders have fared.

Had you bought £1,000 worth of our shares in 1964, you would now be sitting on an investment of over £180,000.

On this magnificent sum, we rest our case.



H A N S O N T R U S T

CONTINUING GROWTH FROM BASIC BUSINESSES.

BANKING OPPORTUNITIES

Considering the options? Write or telephone for an informal discussion about your next career move. Contact in confidence Nicolas Mabin or Susan Milford.

- FOREX/EUROBOND DEALING
- LOANS ADMINISTRATION
- CREDIT ANALYSIS
- MARKETING
- CORPORATE ADVICE
- TRADE FINANCE

Management Personnel
Recruitment Selection & Search Consultants
2 Swallow Place, London W1R 7AA
Telephone 01 408 1694 (out of hours 01 809 2783)

MIKE POPE & DAVID PATTEN PARTNERSHIP
Bank Recruitment Consultants

FX Dealers	to £25,000
Sterling Dealer	c £20,000
Asst. Mgr. Trade Finance (Petroleum)	£20,000+
US Treasury Trader	£ neg
Eurobonds Accountant	c £20,000
Junior FX Dealer (22-25)	to £17,000
Accounts Officer (West End)	to £15,000
Eurobonds Settlements Clerks	to £13,000
Junior Spot Dealer	to £10,500

Please phone MIKE POPE or CHRIS WINGFIELD 01-247 8314
Bank Chambers, 2nd Floor
214 Bishopsgate, London EC2

FOREX APPOINTMENTS

For Forex, Capital Markets and Treasury appointments consult a specialist agency
TERENCE STEPHENSON
Prince Rupert House
9-10 College Hill, London EC4R 1AS
Tel: 01-248 0263

Assistant Fund Manager

CITY • US EQUITIES
to £25,000 + Mortgage subsidy + Benefits

Sun Life Investment Management Services Ltd has over £200m of investments in the USA. We need an assistant to the Fund Manager. You will have two to three years experience of US markets and be able to take immediate responsibility for managing individual US funds.

Our competitive salaries are enhanced by a valuable benefits package including subsidised house purchase, non contributory pension and medical insurance schemes, and profit share.

Please write, with full CV, to
Alan Frost, Executive Director,
SUN LIFE Investment Management Services Ltd,
107 Cheapside, London EC2V 6DU.

SUN LIFE

DEALERS

Several prime International Banks have instructed us to introduce experienced dealers to fill assignments including the following:—

SPOT	to £27,000	CORPORATE	c£17,000
FORWARDS	c£15,000	CHIEF M/M	c£30,000
DEPOSITS	to £25,000	DEPO/FWDS	to £20,000
CHIEF DLR	to £40,000	C/D's	neg.

Dealers with a proven track record, who feel their current contribution is not adequately recognised should call to discuss these positions in complete confidence.

Gordon Brown
Bank Recruitment Consultants
57/59 London Wall, London EC2M 5TP
Telephone: 01-628 4501

MERCHANT BANKING

A City-based Accepting House has the following openings for self motivated executives:

Trust Officer to £25,000 + Car

Will be given sole responsibility for the administration of both corporate and private trusts. There will be close liaison with the investment management team and a clear mandate to develop new business. Candidates should be aged mid-late 30s, have legal or accountancy qualifications or direct trust experience. Specialist tax knowledge an advantage.

Credit Analyst to £20,000

Required to work on applications for new Treasury and Money Market lines. Aged mid-late 20s, the ideal candidate will have 3 or 4 years' formal analysis experience combined with some exposure to the capital markets field.

Please call or send CV in strict confidence to Sara Bonsey.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

EXECUTIVE JOB SEARCH

Are you earning over £20K and seeking a new job?

The Connaught Services have helped more executives to find new appointments than any other organisation — mainly in the unadvertised vacancy area.

Contact us for a free confidential meeting. If you are currently abroad, enquire about our EXPAT EXECUTIVE SERVICE.

32 Savile Row London, W1 — Connaught — 01-734 3879 (24 hours)

The Executive Job Search Professionals

DEVELOPMENT/MARKETING MANAGERS
INTERNATIONAL FINANCIAL SERVICES

For our Group's International Programme, we are looking for professionals with Banking, Investment and Financial services background particularly in Business Development and Marketing. The main areas of operation will be Middle East, East Africa, Pakistan and Indian Sub-Continent. In-depth knowledge of one of these areas and its language will be essential.

Remunerations and other terms flexible and negotiable according to background. Fixed salary and or commission *on full time* or part time basis, feasible. Managers retired from Banks, Investment or Insurance and Financial Services companies, may also be considered.

If interested please write in confidence with full particulars/CV to:
The Managing Director
General Credit Finance (UK) Ltd
36/38 New Broad Street, London EC2M 1NH

International Appointments

PK CHRISTIANIA BANK (UK) LIMITED

The Bank has been established in London for four years and, as part of our planned process of expansion, we are currently looking for top quality men or women to join our team which presently numbers 100 people.

Marketing Support Manager – Scandinavia

We are looking for a senior credit analyst with some marketing experience/potential, aged 25-35 years.

Our candidate will have credit control and project management responsibilities for our corporate banking activities with Scandinavian related companies, with particular emphasis on negotiations, documentation and conclusion of new transactions, credit analysis and control. The candidate will also be expected to contribute actively in the marketing/relationship management activities in the Bank in London.

Previous knowledge of Scandinavian law, business practice and regulations, although an advantage, is not necessary.

Senior Manager – Sweden

We are looking for a graduate, ideally aged 30-40 years, with fluency in the Swedish language, both oral and written, with all-round experience of banking, finance or industry, including extensive knowledge of Scandinavian law and business practice and regulations.

Our candidate will be responsible for the Bank's Swedish-related corporate banking activities. The duties will include development of business opportunities with companies in Sweden in cooperation with our shareholders, as well as developing and maintaining close relationships with UK subsidiaries of Swedish companies.

The officer will be London-based but extensive travel throughout the UK and in Sweden will be required.

Senior Manager – Shipping

We are looking for a graduate, ideally aged 30-40 years, with fluency in one of the Scandinavian languages, both oral and written. The candidate should have extensive experience in shipping finance from the industry and/or banking, including extensive knowledge of Scandinavian law, business practice and regulations.

Our candidate will be responsible for the Bank's shipping and offshore-related corporate banking activities. The duties will include development of business opportunities originating from the UK markets, as well as developing business in cooperation with other parts of the PKC Group and maintaining close relationships with UK subsidiaries of Scandinavian shipping companies and with the shipping groups in our two parent banks.

The officer will be based in London but travel worldwide is required.

Please apply in writing to the Managing Director, PK Christiania Bank (UK) Limited, 9 King Street, London EC2V 8EA by 14th February 1986.

PK Christiania Bank (UK) Limited is an international merchant bank, jointly owned by:

PKbanken which is one of Sweden's largest banking groups, was established in July 1974 as a result of the merger between Postbanken and Sveriges Kreditbank.

Christiania Bank og Kreditkasse which was established in 1848 is the oldest and one of the largest banks in Norway.

PKC

EMPLOYMENT CONDITIONS ABROAD LIMITED

An international association of employers providing confidential information to its member companies relating to employment of expatriates and nationals worldwide

Anchor House
15 Britten St.
London SW3 3TY
Tel: 01-351 7151

Appointments Wanted

Well-travelled, well-educated 26-year-old Canadian male seeks career position in international marketing or public relations.
Contact at
1801-825 8th Ave S.W., Calgary, Alta, Canada T2P 2N4

APPOINTMENTS ADVERTISING

£41 per single column centimetre and £12 per line
Premium positions will be charged £49 per single column centimetre

For further information call:
LOUISE HUNTER on 01-248 4864
or
TREVOR PUNT on 01-236 9763

OPERATIONAL AUDITOR
INTERNATIONAL/TREASURY
Wellington, New Zealand

As a full service international bank our client has a major global network of offices. Continued expansion of its overseas operations, principally foreign exchange dealing, and the general *development of its capital market* activities dictates the need to maintain a superior management audit function.

The successful candidate will hold a professional accounting/auditing qualification, will probably be aged 30-40 and possess a minimum of three years' relevant international banking experience. It is essential that applicants have direct experience of an EDP function from an accounting/operational basis, together with a thorough *knowledge* of foreign exchange, money market, capital markets and futures trading.

The principal responsibilities, under the direction of the Audit Controller, will be *to maintain internal audit programmes* for both on and off-shore sectors, undertake specific audit assignments of the bank's overseas offices and New Zealand treasury functions: liaise and maintain close contact with management of International Banking and Group Treasury Divisions regarding any changes and new developments and to monitor the development and *use of* Kapiti facilities. A travel schedule of approximately 20% is envisaged.

This represents a challenging opportunity to join an expanding premier banking institution at a time of increased internationalisation and participate in New Zealand's new era of deregulation.

A competitive remuneration package will be provided which will include subsidised housing loan, medical benefits and pension scheme.

Interviews will be held in London and Sydney shortly. Please send a full Curriculum Vitae for the attention of: **Roy Webb, Managing Director, Jonathan Wren International Ltd., 170 Bishopsgate, London EC2M 4LX, Tel: 01-623 1266, Telex: 8954673 WRENCO.**

London • Sydney • Hong Kong

Jonathan Wren International Ltd
Banking Consultants

Financial Controller
Entertainment Industry

Amsterdam **c.£25,000**

Our client, which provides a worldwide entertainment service, requires a financial controller who will report to the finance director and will assume responsibility for all aspects of the company's computerised accounting activities.

Preferred applicants will be chartered accountants, aged between 28 and 35, with good quality audit experience and a sound appreciation of complex financial control procedures. Responsibilities will include staff management, computer systems development and regular reporting to senior company management.

Expatriates moving to Amsterdam can expect attractive taxation benefits.

Please send brief personal and career details to Douglas G Mizon quoting reference F906M at Ernst & Whinney, Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

"HIGHLY VISIBLE AND HIGHLY RESPECTED IN THE INTERNATIONAL BUSINESS COMMUNITY"

If it describes you as well as it does us, we should be partners

FINEXCO

Internationally known and internationally respected, Finexco have entered 1986 in a powerful position.

In fact, today we are firmly established among the foremost names in the growing business of providing expert investment advice to British *and other expatriates* worldwide.

Yet we are not prepared to rest there. This year we aim to improve our corporate stance even further, both in terms of our market share and, importantly, the level of the highly personal and accessible consultancy service our clients enjoy, **wherever** in the world they might be.

We now wish to add to our International Financial Consultancy team a small number of people who identify closely with our motivations, our style of business and our pursuit of excellence.

Being already highly visible and highly regarded in the overseas community where you are living and working at present will be a major criterion in your selection as a new member of our organisation.

We shall also be demanding of you a degree of self-confidence, high performance and self-motivation that is a close match with our own, together with evidence that you, like us, can not only tackle a challenging assignment superbly well in a competitive and fast-paced market, but that you will **thrive** on that challenge.

Probably aged not less than 30, your authority and the strength of your interpersonal skills are more important than knowledge of our business. A training programme acknowledged as one of the best in our profession, will equip you with the technical expertise you need to successfully approach your clientele wherever in Finexco's world you join us: we have offices at major business locations in Europe, the Middle East, the Far East and Africa.

To discover more about the mutual benefits of working together with Finexco worldwide, please forward a copy of your CV to: Hilary Gane, (Ref: 363FT), Whites Bull Holmes Limited, 63-66 St. Martin's Lane, London WC2N 4JX.

PORTFOLIO MANAGEMENT AND MARKETING

- You have a thorough understanding of world capital and stock markets through a 3 to 5 years experience;
- you are eager to develop + market new products to institutional customers;
- you are fluent in Dutch, French and English.

We are a young team of five portfolio managers starting a new financial services company that has the backing of a major Belgian group of companies.

Write in full confidence quoting reference 30 to Universal Communication, chaussée de La Hulpe 122, B-1050 Brussels, Belgium, who will transmit.

INTERNATIONAL FOOD INDUSTRY

How Carnation was buttonholed by Nestle

BY WILLIAM DULLFORCE IN GENEVA

WHEN NESTLE made its $3bn bid for Carnation, the US processed foods company in August 1984, the Swiss food group calculated that it would take up to three years to repay the debt incurred and to restore the shape of the balance sheet. In the event Nestle absorbed the financial costs in one year, paying off in 1985 the $1.5bn debt in commercial paper which became the keystone of the financing.

The 1985 balance sheet will show equity-to-debt and equity-to-assets ratios not far short of the solid ratios of previous years, while group liquidity is back at a "comfortable" level, Mr Reto Domeniconi, the general manager in charge of finance, says.

Mr Domeniconi is the first to admit that luck was on the Swiss company's side, but he believes that group management can fairly take credit for its flexibility and the sharpness *with which is exploited the* opportunities opened up by the deregulation and internationalisation of financial markets.

It was not a do-it-yourself job. Nestle has a relatively small financial staff at group headquarters in Vevey. It took its own decisions but worked closely with the big Swiss and US banks and investment houses, the services of which it gained relatively cheaply.

Luck helped in three ways:

- The dollar declined from SFr 2.56 at the time the deal was struck to SFr 2.10 at the end of 1985.
- Interest rates dropped and Nestle was able to exploit the fall by keeping to short-term financing.
- The group ran into a booming stock market in 1985 which facilitated equity financing.

There was more foresight than luck in Nestle's readiness for a deal of the Carnation size. Since taking over as managing director in 1981, Mr Helmut Maucher had been tidying up the group in preparation for an expansion by acquisitions, principally in the US. In May 1984 shareholders authorised a capital increase, including the creation of 1.65m bearer participation certificates (non-voting shares) *which were to play a* crucial role in 1985.

When Nestle learnt of the Stuart family's wish to sell its stake—of more than 30 per cent—in Carnation, Mr Carl Angst, one of the general managers, left for the US in August 1984 to explore the situation. Mr Daniel Regolatti, the finance director, went with him. This is essentially his story.

It was soon evident that Nestle would have to offer around $80 a share, or close to $3bn for Carnation. At the prevailing exchange rate Mr Regolatti would have to find between SFr 7bn and SFr 7.5bn. Liquid funds amounted to SFr 5bn. Prudence dictated that reserve liquidity should not drop below SFr 1.5bn, so that Nestle was between SFr 3.5bn and SFr 4bn short of the probable purchase price.

If the deal was completed swiftly, it would need more. Only about $500m could be put up immediately, since about $1bn of the liquid funds were in one- to six-month deposits which could not be called on until the end of the year. Mr Regolatti was looking for bridging finance of $2.5bn.

A written offer was made to the Stuart family trust on Thursday August 30 and lawyers started to prepare for submission on the following Tuesday—the Monday was the Labor Day holiday — the formal offer papers, which would have to spell out how Nestle planned to finance the purchase.

Mr Regolatti went to see Mr *Tom Theobald at Citicorp on* Friday August 31. By the evening terms had been agreed for a $2.5bn revolving credit in the form of a syndicated loan. Knowing that Nestle could call in short-term assets by the end of the year and structure a better loan later, Mr Regolatti ensured that the credit could be cancelled after three months at 10 days' notice. The commitment fee was very small.

The offer of $83 a share was accepted by the Carnation board on September 3 but the US Federal Trade Commission (FTC) delayed its approval *until* the beginning of January. —which can be interpreted as another stroke of luck for Nestle. The Swiss group had the leeway to mobilise liquidity and to look for better financing.

Three premises influenced Nestle's next moves. They were that interest rates would fall; that it would generate substantial cash flow in 1985; and that it should exploit the authorised capital increase. The conclusion was that Nestle should not look for medium or long-term credits.

Merrill Lynch and Salomon Brothers were asked to structure commerical paper issues. The investment bankers were ready to go by the middle of December. When FTC approval finally came in January, Nestle was able to raise $1.5bn on the US commercial paper market in a matter of days.

Maturities were kept as short as possible — a one-month average was the target — to *benefit from the anticipated fall* in interest rates. Nestle paid over 10 per cent on some initial issues but the rate was down to 7¾ per cent by the end of 1985. Fees were "nominal, a few basis points," Mr Regolatti says.

To ensure top rating for its paper, Nestle had to find some security. Instead of seeking bank guarantees, it asked Credit Suisse First Boston, London, to set up a $1bn revolving underwriting facility. Nestle could secure the remaining $500m with its own liquid assets.

The facility was seen not only as guaranteeing the US commercial paper issues but also as opening up another potential financing instrument, the issue of short-term notes on the Euromarket, should interest rates there be lower.

It was the cheapest underwriting facility ever negotiated, according to Mr Regolatti, with a commission of 1/36 per cent. It allowed for cancellation at 10 days' notice without penalty and provided for reductions to $600m in 1986 and to $300m in 1987. It was never used.

The reasons were, first, that the additional funds raised by equity issues in 1985 and the internal cashflow allowed for speedy repayment of the commercial paper. Second, Nestle found it cheaper to issue three-year notes on the Euromarket with an interest-rate swap through Nestle Holding Inc, its US subsidiary.

Two $100m issues were made at 9⅞ per cent (then a very low three-year rate), the interest *being immediately swapped for* short-term commercial paper interest, giving Nestle a reduction in the commercial paper interest of 0.55 per cent in the one case and 0.35 per cent in the other.

Finally, in the 13 months from October, 1984, Nestle raised more than SFr 1.6bn through equity issues (a further SFr 300m was brought in by an issue of eight-year warrant bonds with a coupon of 3¼ per cent). They included a placement of 100,000 registered shares in February but the bulk comprised 1m bearer participation certificates in five issues at prices ranging from SFr 820 each in October 1984, to SFr 1,460 last October.

This was "making hay while the sun shone" on the stock markets last year, as Mr Domeniconi puts it. The second issue of 300,000 participation certificates, made through subsidiaries of the three big Swiss banks in London, raised some eyebrows because it was seen as a Euromarket issue, being settled through the Eurobond clearing houses and not through the stock exchanges.

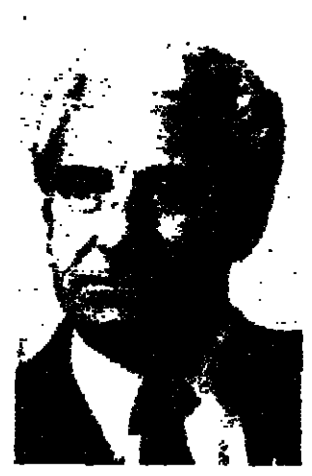
Mr Regolatti, dismissing the distinction between Euromarket and stock exchange issues as *irrelevant*, underlines the speed, cheapness and administrative convenience of placing through London "where you have all the players with capable staff, using one language but with direct links worldwide to their home bases."

The difference in cost of equity and debt financing has been thorouughly ventilated in Nestle's top management. Debt is cheaper, if one considers the *level of dividend payments to* shareholders and the group's practice of paying out only one-third of profits. Nestle has chosen to strike a balance between a sound balance sheet and the lower cost of borrowing.

In any case, having swallowed the cost of its Carnation purchase, Nestle is in no great hurry to issue the remaining 100,000 registered shares and *650,000* bearer participation certificates authorised.

Two other facets of the Carnation financing are of interest. In addition to benefiting from paying for the purchase in dollars, the currency of the liability incurred, the Swiss group also gained a 46 per cent tax deduction on the interest paid on the debt by raising the initial funds through its US offshoot.

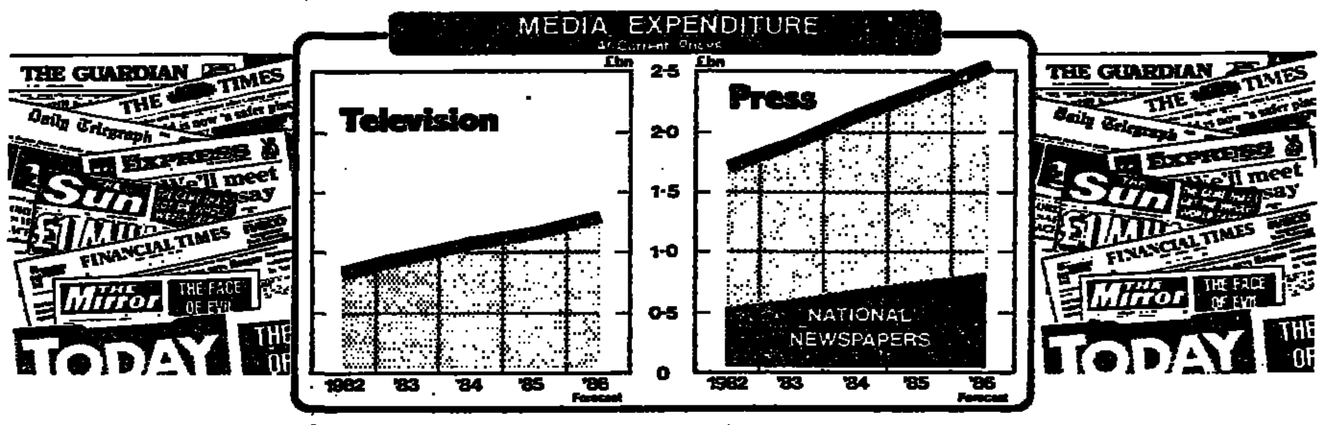
Second, it not only raised $1.5bn in dollars in the expectation of a fall in the dollar/Swiss franc rate: it also organised the payments from its own liquid funds in the form of loans to Nestle Holding Inc, which were fully hedged against the Swiss franc.



Foresight and luck combined to make a $3bn US acquisition by the leading Swiss food group far less painful than expected. Mr Daniel Regolatti, finance director (right) and Mr Reto Domeniconi, general manager, describe the way the financing strategy unfolded

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ



Press advertisers sense a growing advantage

Feona McEwan on a significant implication of the turmoil in national newspapers

SUDDENLY national newspapers are beginning to look rather fashionable in advertising circles. As Fleet Street continues to make its own news, with its noisy and ambivalent advance into the electronic age, the national press finds itself the star turn, to an extent not seen since the arrival of commercial television 31 years ago.

"Newspapers are front of mind now," said one buyer of advertising time and space this week. "Things are changing so fast that if you take your eye off the scene for a moment, you're out of date. It's an exciting time."

Change is about the only constant in an industry whose old-fashioned production practices have been blown apart by new technology, tougher management and sympathetic (to proprietors) legislation. Eddy Shah lit the fuse with his low cost advanced printing process. And whatever the outcome of his daily colour tabloid ("Today" is due out on March 4) its impact goes far beyond any success it might achieve. He has broken the mould and shown that low cost papers with relatively short production runs are economically viable.

Apart from "Today," another four newspapers are due for publication by the end of the year. Clive Thornton's left-wing Sunday colour tabloid (though there was early advertising resistance); Andreas Whittam Smith, ex-Daily Telegraph city editor, launches a colour upmarket quality daily, planned for October with an initial print run of 700,000; and a consortium led by Nicholas Leonard of the Irish Independent Newspaper Group is planning a national popular colour Sunday tabloid, provisionally called the Sunday Globe, as well as Robert Maxwell's popular daily, Good Day.

What then are the implications of the Fleet Street revolution for advertisers whose budgets the new breed of papers will be fighting even harder to win?

Michael Gold, media director of agency Gold Greenlees Trott, anticipates the arrival of specialist national newspapers. "Now that limited circulations of a few hundred thousand are feasible we could see a sporting daily, for instance, or a national daily aimed at women."

The development of the specialist national newspaper would offer advertisers more precisely targeted audiences (that is the numbers of readers may be less, but there would be more of the right ones). This has already started to happen in television. Channel Four, with its smaller and more segmented audiences and, to a certain extent, TVam with its predominantly child-and-young-mum profile, has moved television away from the indiscriminate realms of a mass medium towards a more defined targeted one.

John Ayling of media independent, Ayling Associates, agrees. "One must forecast improved regional and colour facilities generally, with the possible proliferation of tightly targeted titles along demographic, political or regional lines. Whittam Smith's "mini-Telegraph" could be the tip of the iceberg.

Cosy formats

"If that were the case, that middle ground of 'blander' papers could suffer further losses, although it's important not to underestimate the importance of branding. Despite the proven short-term reader disloyalty caused by strikes, price or promotional activity among the tabloids, consumers still buy titles and sometimes cosy formats, not modern printing presses and lead times."

Everyone seems agreed on possibilities opening up for advertisers and their agencies. "What everyone's hoping for on the advertising side of the business," says one newspaper media man, "is that the substantial savings on production will mean a general drop in ratecard prices. It'll run a coach and four through current prices. There'll be cheaper advertising. And if three papers can dramatically cut their costs, then the rest must follow, so advertisers and their agencies are looking for saving costs to be passed on."

"Suddenly Fleet Street is looking considerably more competitive," says Ray Morgan, of Ray Morgan and Partners, the media independent. "With Shah operating at about 20 per cent of the costs of the rest, national press is considerably more attractive than it's been in the past 10 years. I think we'll see the trend from press to television not necessarily reversed, but it could be stopped."

He cites drinks manufacturers which spend overwhelmingly on television. "Press is forgotten. Yet to reach regular pub-goers, the demographics of say the Express, the Sun or the Mirror, are more compatible than with a television audience—which tends to be heavily skewed towards older, downmarket, women.

"At current prices, two pages of black and white in national papers is the equivalent of one 30-second exposure on television. But if a substantial reduction in production costs made it possible to reduce advertising rates to the point where the comparison with television could become three pages of press to one TV exposure, then Fleet Street should have some very powerful ammunition.

"This is the press's chance to fight back," says Morgan. "What we're seeing is a significant change in the benchmark of the economy of newspaper advertising compared with television advertising. If they can't make a go of it they deserve not to be in business. They've got everything going for them."

Shah's advertising rates are remarkably low. A full page black and white ad is £4,600 at ratecard and colour is £9,600. The expected circulation is around 1.25m. The Express, by comparison, at rate card, currently costs £24,000 for a page in mono and £44,000 colour, on a circulation of 1.9m.

If Today achieves its sales target, this means that the cost per thousand (sales) is £3.80 for a black and white page, which is half the price of the Mirror at ratecard and about 40 per cent of the Express. So far Today has attracted £7½m in advertising revenue.

"National newspapers are now affordable for people who couldn't afford them before, such as small retailers," says Ron Brown, advertisement sales manager of Today.

"Colour campaigns are now a more serious possibility in national papers," says Chris Thornton, media director of agency Edwards Martin Thornton. "Alternative press media for reaching a mass adult audience, such as the TV Times or Radio Times, have extremely high capital costs. And in the colour supplements and magazines you're struggling to stand out in a crowd."

The interesting question comes if and when existing papers do cut their rates, and the tussle starts to hang on to advertisers' budgets at the old levels. Papers will be leaning on advertisers to maintain their investment and offer better value for money.

Besides price, new technology gives Shah the edge in his facility to offer full colour advertising and great speed. "Tactical black and white advertising is familiar enough but tactical colour is unheard of," says Brown. "The Mail, the Express, the Star offer colour but their copy dates tend to be six weeks in advance, maybe four and a half at a pinch. Our lead times are five days in advance and if people forego the proof stage, it can be cut down to two hours in advance. The concept of tactical colour means food retailers, for instance, can react to something that has happened the day before."

Vibrant

"The arrival of full colour could revitalise the sector, making it vibrant, and the place to be," says Chris Ingrams of media independent Chris Ingram Associates. "A certain fashion comes into play here, because there's still a lot of subjectivity in media planning and buying which would work for the press. Clients will be asking more questions about the medium."

Mike Yershon of Yershon Media strikes a cautious note. "It doesn't follow that because colour is available it will be used. Unless it adds on circulation there's a question about its value . . . Also it's hard to get good colour quality, say, on food in the press whereas it is so good on television."

Roger Eastoe, sales director of Mirror Group (which has recently announced a two year plan towards full colour production), is bullish. "Newspapers have been under-rated for the past 25 years. They've not been seen as creative as television has, and it's tougher to do good ads in black and white. But when newspapers can offer colour at realistic prices, it'll be too good for every marketing manager to turn away.

"No longer will advertisers have to work in a monopoly (whether the BBC gets advertising or not) now there's a real alternative. The food/beer/confectionery market that spends almost entirely on TV has been denying itself a wider audience. Because we don't just watch TV, or just read a paper, we're all multi-consumers of media."

But national newspapers too are losing a monopoly of sorts. In the increasingly competitive climate, advertisers are going to find themselves hotly courted by a variety of press salesmen wooing on the basis of price and audience. Newspapers themselves will turn advertiser, and ginger up their promotional budgets — already sizable. The Express is planning an £8m splurge in the spring. The Mirror Group has just launched a £2.8m advertising campaign. Last year, according to Media Analysis Expenditure (MEAL) figures, the Mirror spent £2.7m, the Guardian £1.2m, the Express £1.9m, the FT £0.5m, The Times £1.3m.

The general view is that national papers will be fighting for existing monies, that the cake won't dramatically expand. "It's unlikely that there'll be a new influx of new revenue or of new readers," says economist Harold Lind.

The good news is that advertising revenue generally is riding at an all-time high. Last year saw a 3 per cent increase, in real terms, over 1984 and the Advertising Association predicts 1986 will be better than that. Last autumn Fleet Street enjoyed a buoyant revenue period, "probably the best since the ITV strike in 1979," says agency Davidson Pearce. Heavier spending from retailers (especially diy and electrical), motor manufacturers, and a hefty increase in financial services (building societies, takeover battles and free banking) contributed, it says, to a hard market which looks set to remain for the early part of 1986.

US magazines

Outbreak of gifts lures subscribers

BY FRANK LIPSIUS

BY CHANGING one letter in the title of its arch rival to produce the headline "Business Weak — but Forbes isn't," Forbes magazine is advertising its prosperity in the midst of faltering profits among magazines in general in the US.

Time Inc, meanwhile, is trying to bolster results by laying off 5 per cent of the staff across the board — from secretaries to senior staff writers and account executives — in order to save $12m a year.

With 121 fewer ad pages in 1985 than 1984, when the total was 2,696, Time was able to improve revenues by 3 per cent only with an increase in advertising rates, which depends heavily on circulation improving. Yet the process can be costly. Of the 3.5m subscribers to Time signed on in the first half of 1985, more than half received gifts used by the magazine as its latest marketing tool.

Forbes's ad, which is aimed at advertisers, points up the disadvantage of gifts that some, like Forbes, characterise as expensive bribes to readers of questionable loyalty: "Forbes doesn't have to offer expensive premiums to sell subscriptions, as does our competition. Forbes is bought for what's in it, not for free phones, clocks, radios, calculators, etc."

"Getting subscribers with premiums is a legitimate marketing tool, but it's become addictive," comments Bill Harris, vice-president of consumer marketing at US News and World Report. A weekly that real estate mogul Mortimer Zuckerman bought in 1984 with the intention of building into direct competition for Time and Newsweek, US News got a fifth of its 1.8m subscribers with a giveaway watch. "We're going to cut back," Harris avers. Still, he admits: "We're forced to offer high-quality electronics as gifts in our TV ads because the other guys do."

Among the other guys' gifts are clocks and telephones from Time, binoculars from Sports Illustrated, and waterproof shower radios from Newsweek. Costing from $5 to $8 apiece, these premiums require a substantial investment by the magazines which already consider low initial rates to be loss leaders.

Besides competing with each other, the mass circulation magazines have to be concerned with increasing inroads from more specialised periodicals. With a rise of 22 per cent since 1980 in the number of US and foreign non-trade magazines, "people have so many more options to read," comments David Lehmkuhl, vice-president at advertising agency N. W. Ayer, "and mass magazines are the places consumers are saying 'I can cut back.'"

Lacking the resources of the mass-circulation publications, the smaller magazines may reach all of America's 73m households through Publishers Clearing House and American Family Publishers, according to consultant Kathleen O'Shaughnessy. The two companies advertise dozens of magazines in each mail shot to get people to send back their pre-registered number in case they have "already won" as much as $10m. Though, legally, winning cannot be contingent on buying anything, the carefully worded come-on encourages sales for dozens of magazines, which are listed in a colourful sheet of lick-and-paste offers. The average subscription price is $12, of which the sweepstakes companies take as much as 90 per cent, amounting to a total of about $50m each a year.

Considered masterpieces of direct-mail appeal, the sweepstakes use computers to put the names of 50m heads of households in bold letters through a window in the envelope, with all kinds of writing on and in the envelope to interest the recipient. The basis of the appeal, says writer Tom Owens of Publishers Clearing House, is "to address the American dream . . . with words like 'miracle,' 'new,' 'lifetime'."

With a top prize that has escalated to $10m and intense television advertising that begins right after Christmas (when network rates go down as much as 25 per cent), magazines have benefited from the competition which American Family Publishers, started by Time Inc and McCalls in 1975, brought to the field. Trying to capitalise on post-Christmas cheer and good feelings, the sweepstakes keep up a barrage of advertising in the first month of the new year, after which the magazine business gets an idea of its position for the rest of the year.

TECHNOLOGY

Out of the fryer . . . into the microwave

A SMALL British company that made its name with a microwave "cooking" line for the continuous vulcanisation of rubber has developed a similar process which could offer considerable cost savings and new marketing opportunities for the food industry.

Magnetronics is looking for partners to help it develop its idea for producing expanded snack foods—like Quavers, Watsits and Spacers—on a machine which, it claims, is cheaper and cleaner to run, more energy-efficient, and about half the size of conventional equipment.

Mr John Mitton, sales manager, claims he has had 40 direct inquiries from food manufacturers of all sizes since the prototype was unveiled to the industry four weeks ago.

The pilot plant is now performing test runs on raw materials supplied by interested companies.

"We had a sample in the other day that looked like a strip of shoe leather. It came out looking like a cucumber," he said.

While there may not be much of a market for a cocktail snack the size of a cucumber, Mr Mitton is optimistic about the prospects for marketing scaled-up versions of the plant now on test at the company's Leicester base. It consists of a conveyor to carry snack pellets first through an infra-red pre-heating chamber which raises the product's temperature to a little below 100 degC. The process is completed by microwave bombardment which puffs up the snacks and dries them ready for packing.

Mr Mitton claims the process offers several advantages over conventional methods:

● The microwave process does away with the high-temperature, deep-fat frying traditionally used to puff up the snacks. Mostly mixtures based on maize, potato or other starches, the basic pellets are expanded and given their characteristic light texture by exposure to high temperatures which rapidly vaporise residual water in a "flash" of steam.

Consumer tastes are moving towards lower fat consumption and oil-free processing could reduce manufacturing costs and offer hygiene advantages to processors.

● Without fat, the products could have "almost infinite" shelf-life, Mr Mitton claims. This would help improve marketing prospects in hot climates where rancidity is a problem with high-fat products.

● Energy costs are much lower than in conventional plants. Magnetronics, which aims to develop the prototype into a 25kw machine costing £50,000, would use only £3 of electricity to produce between 200kg and 500kg of snacks an hour, Mr Mitton calculates. Heating fat is much more expensive, he claims.

● Fitted with a compatible weigher-packer, one unit would be only 10 metres long, compared with 15m to 20m for a conventional line including deep fat fryers.

● The new process could also be more flexible. Fried snack products usually have flavour and colouring added after cooking, to save tainting the fat. In the Magnetronic process the pellets can be prepared with flavour already added.

There are some disadvantages, however. The cooking oil, which may account for up to 30 per cent of the weight of the finished product, also contributes greatly to the taste.

This, Mr Mitton feels, is a problem which food manufacturers' flavour specialists should be able to overcome. Food technologists might also have to adjust some of the basic pellet recipes to get the most out of the microwave process.

He claims results with maize-based products are "brilliant—better than oil," with expansion rates of up to 1,000 from the basic pellet. But potato bases have proved tricky

Mr Mitton has no qualms about possible safety hazards in industrial applications of microwave processing.

Consumer acceptance of microwave cookers in the home and in cafes, pubs and restaurants has worked greatly to the advantage of the company, he says.

The company's most recent big order was the installation of three 120 kw microwave defrosting lines at Anchor Foods, Swindon, Wiltshire, with APV Parafreeze of Thetford, Norfolk, for treating frozen New Zealand butter before packaging. Each line can bring seven tonnes of bulk butter from −18° C to +1° C in an hour. Magnetronics' equipment is widely used in the meat industry to accelerate defrosting. It also supplies vacuum driers for the confectionery industry.

One of its machines, originally installed near Norwich for sterilising imported bone meal, has been adapted to flash heat barley. The process gelatinises the starch in the grain, greatly increases its digestibility and improves the conversion of feed to meat in livestock.

Magnetronics' success with its venture will probably depend greatly on the food industry's willingness to make adjustments to recipes and take on board the new technology. The company also has to take into account the reactions of the many large food machinery companies already exploiting this growing trade. Several are believed to be working along similar lines to Magnetronics.

BY CHRISTOPHER PARKES

SNACK FOODS constitute one of the few strong growth sectors in the European food market, says the market researcher Frost and Sullivan.

"Manufacturers . . . and their suppliers must be prepared for rapid change and for a broadening of their traditional base," the company said in a report last year.

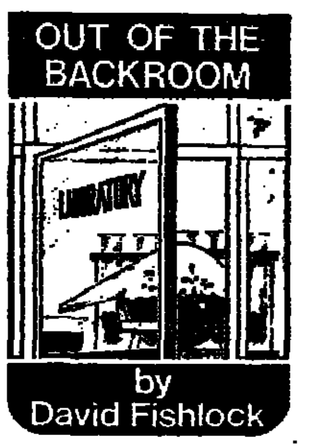
"This is one sector of the food industry which has good margins, where demand is expanding and where the risks and rewards are commensurate."

Even in Britain, where annual snack consumption of 3 kg a head is approaching the 4 kg level of the US, the company calculates that sales will grow 5 per cent a year until 1991. Average EEC consumption is 2.5 kg a head.

For the future, the company said, new snack food introductions would have to meet the following criteria: Healthy image; reduced calorie content; innovation to keep up with consumer demand; long shelf-life; ready for instant consumption.

Snackfoods in Europe, published by Frost and Sullivan. Tel: London 486 8377, New York 212 233 1080, Frankfurt 59 01 36.

At last, a tool born of basic science that is relevant to progress in engineering




Prof. Alan Leadbetter

Our Science Editor, in the first of a fortnightly column looks at Isis, a microscope built in Britain, that is generating much excitement

IF THEY wos a pair o' patent double million magnifyin' gas microscopes of hextra power, p'raps I might be able to see through a flight o' stairs and a deal door . . . "—Pickwick Papers, Charles Dickens.

Imagine a microscope which can see inside an aero-engine and take the temperature of its spinning turbine blades. Imagine an instrument which can paint the patterns of stress deep inside a thick weld, or can follow the creep of an engine part under severe strain.

Such a microscope has been built by British scientists at the Rutherford Appleton laboratory at Chilton, near Oxford. Already it is the most powerful instrument of its kind in the world and it still has a long way to go before reaching its full penetrating power in the next year or two.

Last year Rolls-Royce paid the costs of an experiment carried out jointly by Prof Peter Fowler of Bristol University and the laboratory, using a similar but weaker instrument at Los Alamos in the US. They showed convincingly that, by what they have christened "resonance radiography," they can map temperatures throughout a jet engine to an accuracy of about 5 degrees C.

There is no doubting the scientific excitement it stirs among the 400-odd academics in Britain who are beginning to use it for their neutron scattering experiments. Many more scientists throughout Europe also hope to bring their experiments to Chilton, once rules have been agreed for such countries as Italy and France to share it.

Prof Sergio Barabaschi, Ansaldo's research director, invited British scientists to give a presentation in Genoa last December to 50 representatives of Italian industry.

Here for once is a tool born of basic science which has clear relevance to problems at the forefront of progress in engineering. Italian engineers recognise this better than their British counterparts, the Isis scientists say.

Isis is a spin-off from "atom-smashing," the science of particle physics, which uses accelerators to generate the powerful beams which break atoms into their component parts. Such beams, focused on the right target, can generate a second beam of neutrons chipped from the nuclei of the target's atoms.

The neutron is a large heavy fragment with no electric charge, so neutron beams can penetrate deep into a specimen under observation. A beam of visible light illuminates only the surface, as in the familiar optical microscope. Electrons in an electron microscope will penetrate deeper, a few microns, but wreak havoc with the specimen at high power, because their negative charge causes radiation damage.

Neutrons can penetrate deep without damage, many centimetres in the case of Isis. This is the secret of the scientific excitement.

Look at a street lamp on a foggy night and it is wearing a halo, a diffraction pattern formed by light waves reflecting off the minuscule droplets of water. Isis is painting halos at much shorter wavelengths, capable of revealing far finer detail such as the pores or impurities which initiate failure in an engineering material or put flaws in a "perfect" silicon chip.

Isis was the Egyptian goddess who made a name reassembling parts of her lover which had become scattered in battle. Isis, the neutron microscope, has been built partly by cannibalising old atom-smashers. It took seven years to build, cost £60m and used existing magnets, etc, worth another £50m.

Its neutrons are generated by accelerating a beam of protons—hydrogen nuclei—close to the speed of light, then firing them in bursts at a uranium target. A ring of neutron windows round the heavily shielded target allows neutron beams to pass down separate beam lines radiating from the target like the spokes of a huge cartwheel. These beam lines and their experiments alone occupy a hall the size of an aircraft hangar.

At the end of each beam line —18 so far—is the experiment. Each has its own little cabin where the scientists can make measurements in privacy, isolated from the problems of running an instrument which costs about £2m a year in electricity alone.

Later this month a new council meets to open negotiations for Isis to become a European scientific facility, with Italy, France and perhaps other nations able to bring their experiments. In exchange they will help contribute to running costs which, at full power, will be over £12m a year. Still more important, they will accelerate further development of a tool which Prof Alan Leadbetter, co-ordinator of Britain's neutron science programme, maintains has been chronically underfunded from the start, in relation to its value to science and advanced technology.

On his own initiative, Prof Leadbetter has already organised a mini-collaboration in which the EEC, France, West Germany and Italy are contributing about £500,000 to use Isis neutrons to make "the world's best source of muons," to explore magnetic fields.

Prof Leadbetter, a chemist and visiting professor at Cambridge, is convinced that when industry awakens to the value of Isis, it will also want to buy a share of its neutrons.

He already collaborates closely with the Harwell laboratory next door, where Dr Colin Windsor uses neutron scattering extensively to study nuclear industry problems, and increasingly on behalf of other clients, for example to investigate cracks in gun barrels for the Defence Ministry or in offshore structures for the Energy Department. Dr Windsor sees Isis as a natural extension of Harwell's own neutron beam facilities based on its research reactors.

Prof Leadbetter also collaborates with Reading University, where Dr Roger Stewart of the J. J. Thomson Physical Laboratory has been studying the failure of superalloys used in jet engines. Dr Stewart can follow the life cycle of a fracture, from the moment a void appears at the grain boundary inside a red-hot turbine blade, through the coalescing of voids into a crack, to the final rupture.

A few sophisticated industrial scientists, such as the Esso chemists at Abingdon nearby, are already bringing their own neutron experiments and hiring time. But the kind of industrial challenge which most excites Prof Leadbetter is the one opened up by Rolls-Royce scientists at Bristol, in collaboration with Bristol University.

Rolls-Royce is sufficiently impressed to be considering a three-year development programme which would involve running an engine in the path of one of Isis's beams. If it is successful in mapping its temperature in three dimensions, the company wants to miniaturise the technology of Isis so that it can put a neutron microscope on its own engine test beds.

Access to video disk made easy

FOUR EUROPEAN companies are co-operating in a project funded by Esprit that will allow users armed with a videodisk player and a personal computer to have access to pictures and voice stored on the disks.

The project partners are the BBC, Philips, Logica and Societe Europeene de Propulsion.

People will be able to gain access to a wide variety of images and data in easily comprehensible form without the technical, psychological and cost barriers imposed by conventional computer-based systems.

The basis of the work will be the BBC's Domesday project, which provides images and data specifically about the UK. The Esprit project is more widely based and will allow systems to be developed for education, training, point-of-sale and other areas.

An automation control system

AUTOMATION Intelligence of Stevenage, Hertfordshire, has developed a control system able to integrate machine tools, robots, machine vision systems, measurement systems and materials handling into a fully flexible operation.

Called Cellmate, the system provides process co-ordination inside a manufacturing cell based on a process planning programme that can be created on the shopfloor at a portable console, or off-line on another computer.

The system can be adapted for factory communications and data networks. It can be interfaced to any existing programmable CNC robot or cell station controllers capable of remote operation via data links.

THE ARTS

Gallery Notebook/William Packer

An anthology of British drawing

It is four years since Gillian Jason opened her gallery at 42 Inverness St, NW1 (just across the road from the Camden Town station) and her taste and judgement has grown with every exhibition. From time to time she shows the work of living artists, but her special field is modern British art of the earlier 20th century, and her current show of drawings, *Pencil, Pen and Brush* (until February 15) is entirely characteristic in its quiet interest and distinction.

Many of the artists we would expect to find in such an anthology are included—Bomberg, Kennington, Spencer, Grant, Lamb, Gill, Dobson, Roberts, Minton, Burra, Gertler. But, always, which is the anthologist's art, it is the less familiar delight that spices such expected pleasure. Frances Hodgkins' landscape drawings and watercolours are as strong as anything in the show; Edward Ardizzone as delightful as he is familiar yet underrated as a serious artist; and Barnett Freedman emerging again as one of the very best of our modern illustrators.

*

A small but choice retrospective of the work of Philip Wilson Steer has been arranged by the Fitzwilliam Museum in association with the Arts Council and (for the catalogue) Associated British Foods (Cambridge until March 31, then to Stoke-on-Trent, Newcastle and Bradford).

The Steer exhibition at Browse & Darby in the autumn, fine as it was, concentrated on the portraits and the smaller studies of the 1890s and 1900s. This retrospective takes a broader view—of the early, middle and later periods in turn—that brings out not only his quick responsiveness to what was being done around him in England and in France, but his idiosyncracy and independence. He was never anything but his own man, for all his obvious early sympathy with impressionism and the influences of Whistler, Degas and Monet. And in the landscape paintings and watercolours of his middle and later years it is rather the broader romantic English landscape tradition of Turner—but a Turner domesticated—and Constable into which he consciously sets himself.

*

The Mercury Gallery in Cork Street is full of paintings by Anne Redpath (until February 22) who died in 1965 at the age of 70 and is, with William Gillies, a key figure in linking the work of the Glasgow Boys and the Scottish Colourists of the early 20th century to the contemporary Scottish School.

But this is less an historical exercise than a straightforward and wonderfully hedonistic celebration of rich paint, beautiful surfaces and strong images. The work dates from her last 20 years, when her power and authority as a painter were fully set and her course clear. Her expressionism is natural and unforced and no less passionate for being charming and decorative. As a painter of still life she has few peers in her own time and bears comparison with the best. The large, hot painting of a pot of blue flowers proffered high on a red tray, which dominates the show, would grace any national collection.

*

Around the corner at the Benjamin Rhodes Gallery, in New Burlington Place off Savile Row, a young painter of the figure and modern conversation piece, Paul Gopal-Chowdhury, is showing his latest work (until March 15). He is an ambitious painter simply by virtue of the problems he sets himself, for to paint what he does in the way he does is to accept and challenge the greatest tradition in Western art. The overall impression is strong, but unfortunately it does rather impress to deceive; for if the tradition is accepted, so too are all the established tests and standards.

The difficulty he has with his figures is not so much in their drawing and in the handling of the paint — though we would have more confidence in them were other things more surely carried through and understood — as in their physical relation to the space in which they are set, and thus to each other and the things around them. The spaces simply do not work by any conventional pictorial logic. The scale of the chair fails to match that of the figure. Either side of the table sit figures who do not even share the same physical space. And in none of the work is there any sense that the space has been deliberately and disturbingly distorted. It is all a matter of technical organisation that in itself is not difficult to master. Back to the drawing board.

"Trees" by Howard Hodgkins (1920)

Benjamin and Turnage/Elizabeth Hall

Dominic Gill

The London Sinfonietta's Stravinsky programme on Tuesday evening—the Octet, a group of songs, *Ragtime* and *Renard*—was conducted by Diego Masson, and interleaved with two new works by young British composers.

George Benjamin (b. 1960) played the first complete performance of his own *Three Studies* for solo piano. "Fantasy on Iambic rhythm" is the newest and longest: there is a Skryabinesque urgency to its delicate cloud-formations, from which a more patently urgent momentum emerges. At the climax there is some tough and quite noisy metal, which I found less convincing: a bit self-conscious, somehow out of manner. "Meditation" has Haydn's name woven into its texture like a motto, quiet and gentle, very effective (it was commissioned for the 250th anniversary in 1982). "Relativity Rag" is a happy, buoyant joke that has Debussy written all over its wings (and patently lurking in them)—neat, accomplished, and certainly (even a little determinedly) amusing. Stylish performances from the composer.

Mark-Anthony Turnage's (also b.1960) *On All Fours* is scored for 12 players and a variety of instruments including electric piano, alto sax, and medium Brake Drum. For all that, and for all its punning title, *On All Fours* has the impact of, and presumably the intention to be, a very serious piece, tightly and admirably textured, but unusually complex in its inner relations and resonance. The single movement is divided into Prelude, Allemande, Gigue and Sarabande, separated by four Refrains and a Chorale. The working is tight: there are few loose threads. In 13 minutes Turnage engages a surprising, and gratifying, number of possibilities, scans them briefly but searchingly, and passes to the next. The slow, sombre Sarabande which ends the succession I thought striking, and extremely beautiful. The Sinfonietta should include the piece in another programme soon: it will repay careful listening.

Anyuta/San Carlo, Naples

Freda Pitt

Just a year after his previous visit, for a reworking of a miscellany seen beforehand with Bolshoi dancers in Paris, Vladimir Vasiliev is back in Naples, providing the San Carlo opera house with its biggest ballet success for many years.

Again he has devised a reworking, but this time on a more elaborate scale. *Anyuta* (Annie), based on a Chekhov short story that is conveniently printed at the end of the programme-book, began life as a ballet for Soviet television lasting about 45 minutes. It is now presented as a two-act piece to fill a whole evening. Although a great deal of care has evidently gone into the amplification, Vasiliev has not succeeded in restructuring the work in such a way as to conceal its derivation.

While the story, which maintains a tone of detached irony almost throughout — not far removed from the cynicism of a Maupassant — opens with the wedding of the young and pretty but moneyless girl of the title to an elderly, charmless, comfortably-off and obsessively ambitious bureaucrat, Vasiliev goes back to the death of Anyuta's mother.

Central to his arresting stage picture are the bereaved husband (a schoolteacher with a weakness for strong drink) and his daughter, Anyuta. The father's role is almost entirely a mime one, yet it makes the strongest impression of all, thanks to Vasiliev's imposing presence and his extraordinary interpretative gifts. With shambling gait, a frock-coat and a beard, he hardly resembles the heroic figureof his recent dancing past.

Ekaterina Maximova, his wife, takes the title-role, the only female one of any importance. She is such a great artist that merely to see her back on the stage affords immense pleasure. She is at her best in the earlier part, when she is allowed to show genuine affection for her grieving father and two little brothers. Outstanding in the expression of love and unhappiness, as her sorrowful skimming *pas de bourrée* reminds us here, Maximova does not have the wiles of a heartless coquette convincingly at her disposal. The few sustained passages of dancing consist mostly of *pas de deux* for Anyuta and her manifold admirers, who all partner her well in a wide range of lifts.

Valery Gavrilin's music, which starts off, before curtain-rise, with reminders of Prokofiev's *Cinderella* and thereafter degenerates too often into a strident sub-*Spartacus* vein, repeats itself even more often than does the choreography and it can hardly be judged more than functional.

Whereas the original story takes on a sentimental tinge only in Chekhov's sympathetic treatment of the father's decline, Vasiliev — apart from his portrayal of the husband as a Gogol-like caricature (as that Calyr Abdulov can display a strong technique but leaves us with no idea of his true interpretative powers)—stakes his all on pathos. He lavishes a poor student lover (Agostino D'Aloia) for Anyuta's past, as a contrast with her self-satisfied later acquisition Artinov (Fulvio D'Albero) and the "Excellency" (Attilio Baeppoli) who gives Modest (the husband) his much-coveted Order of St Anne as a result of his infatuation with Anyuta.

It is true that the Neapolitans have a reputation for sentimentality, but I think the naiveté of the treatment has a Soviet audience as its natural recipient. Vasiliev has relied on a Soviet team in all the key positions, Bella Kaplan Manyevitch, from Leningrad, has supplied the well-judged scenery and costumes, and Stanislas Gorkotchenko conducts the San Carlo orchestra. Vasiliev has received warm co-operation from the Russian-born new director of the San Carlo Ballet, Violetta Elvin, who has abandoned her long retirement to take on this difficult task.

Jérusalem/Teatro Regio, Parma

William Weaver

Increasing respect for *Don Carlos*, now regularly presented in the leading opera houses, has drawn attention to the "French" Verdi. Though *Les Vèpres siciliennes* is still given almost always in Italian translation it is nevertheless becoming ever more popular.

Now opera-lovers are being given an opportunity to consider an even greater rarity, *Jérusalem*, the work with which, in 1847, the young composer made his debut at the Paris Opéra (not, of course, his Paris debut: several operas had already been performed in the original Italian in the French capital).

In 1984 Massimo Bogianckino revived the work at the Opéra, where he had also revived French works by Rossini. And now *Jérusalem*, in French, has been mounted in a full-length production, ballet included, at the Teatro Regio in Parma.

The Regio is a small theatre, not ideally suited to a grand production in the French style, but the defects of this *Jerusalem* were not matters of scale. The sets devised by Fiorenzo Giorgio (also responsible for the acceptable but unremarkable costumes) managed to create an impression of spaciousness, even grandeur, and were only occasionally confusing. It was the staging of Renzo Giacchieri that caused bewilderment (who was the mute master-of-ceremonies figure, in a white alb, who occupied the centre of attention, as if he were the protagonist?) and, in the harem scene, irritation.

The decision to include the lengthy ballet was certainly right—if you are going to do a rare opera, do it complete—but the choreography by Giuseppe Carbone, with its implacable jokes, was certainly wrong. It is hard for Westerners to consider Arabs comical these days.

In the old books on Verdi, *Jerusalem* is usually treated briefly, as a pot-boiling remake of *I lombardi*. Julian Budden's authoritative study has set us right on that point, and we can now enjoy this French piece on its own considerable merits, admire its (fairly) credible text, its coherent and elegant score.

At times Donato Renzetti conducted as if this were indeed *I lombardi*; French grace was swept away by Risorgimento fire. But it is hard to criticise enthusiasm and Renzetti's clear love of the music was reflected in the impassioned interpretation of Veriano Luchetti, on his good test the *ideal* early-Verdi tenor. The role of Hélène was sung on opening night by Katia Ricciarelli; for the performance I attended the soprano was the young Antonella Manotti, a Parmigiana of some charm but unsteady voice.

The veteran Cesare Siepi, though his top notes were understandably strained, sang with great style and authority, and with rock-solid low notes that would be the envy of singers half his age. The smaller parts were all strongly cast (a special mention must go to Gianfranco Manganotti, the Raymond).

None of the singers enunciated the French text idiomatically; but, without going into the tortured question of translating opera, I would suggest that, for this first modern hearing of the work in Italy, the choice of the original language was defensible. The Parma orchestra and chorus are in good shape.

Medea/Theatr Clwyd, Mold

Martin Hoyle

In more ways than one, Toby Robertson's studio production of *Medea* for Theatr Clwyd's 10th anniversary season contrasts black and white. Four entrances to the octagonal acting area are drapped with sail-like sheets. Besides fallen leaves, the white floor is scattered with fragmented sculpture and furniture of the same colour. And the predicament of the barbarian princess sacrificing country and family for love of the foreigner who now rejects her and a society that despises her, is underlined by the use of black and white actors.

The sharply visual racial distinction also emphasises female sexual solidarity. The women of Corinth sympathise with the alien; a common feminist cause cuts through cultural barriers. Above all, one is forced to consider Medea's problem afresh since, contrary to comfortable preconceptions, it is the savage sorceress and her fugitive attendants who are white: the rest of the cast is black.

This provides splendid images. The three-strong chorus is not just black but consciously exotic. Gold twined in their braided hair, in pastel robes draped with print shawls, they brandish Kenyatta-type flywhisks in gloved hands. Leon Herbert's resonant Jason, in formal dress with decorations and medals, betrays a confident barbarism in gleaming shaven pate and the rings that glitter on his unshod toes. Equally Firbankian is Paul Barber's Athenian king (this version includes his offer of sanctuary to Medea, often cut), white-suited with cane, panama hat and, like the whole cast, barefoot.

Jeremy Brook's new multi-style translation combines the modern with the vaguely mock-poetic ("We that are born women, though little apt for noble deeds, to fashion mischief are most expert" is almost pastiche) and even rhyming couplets. It gets over a women's lib viewpoint: man is treacherous, selfish and cowardly. As put over by Eileen Atkins, it is never for a moment in doubt.

Why no producer worth his salt has given Miss Atkins her choice of production and brought her to London to keep Maggie, Glenda or Vanessa company is a mystery. She is in their league for sheer intellicence alone. No other actress builds so firmly on common sense and clear-eyed observation. Even when quietly impassioned, her Medea is eminently reasonable. "You need not fear me," addressed to Clifton Jones's wheelchair-bound Creon in colonial uniform, is frank, smiling and plausible. "I've thought of so many ways to kill them I'm at a loss to choose," is conversational. "Well now, suppose them dead . . ." she muses, brisk, practical and thoughtful.

Taking her cue from the Nurse's complaint about the great, this Medea is dominated as much by pride ("I will not be mocked," she vows, enraged at the thought of becoming a laughing-stock) as by grief. She convinces in mother love as well. The two children are irresistible scene-stealers; especially the one who kept politely coughing into his hand as his mother agonised over whether to kill him. Her intellectual superiority to this primitively splendid society is never in doubt.

As yet she convinces less in the sheerly operatic moments. On hearing of her rival's hideous death from Leo Wringer (excellent as one of those last minute messengers whose accounts of tragedy must keep the play's conclusion buoyed up) she cries, "This is the best news you could bring" too much like a prefect hearing of the house hockey victory. She lacks the lust for revenge whose motto is "rage conquers all as conscience never can" (had Hamlet been a girl, one feels, Shakespeare's play would have ended quickly and bloodily).

The final coup, when percussion crashes, a black pall falls from above and Medea hovers on high in smoke, flanked by her children's corpses, finds her strained. Miss Atkins's performance is anchored inescapably in humanity. As yet this means effort and compromise with the superhuman Medea but pays rich dividends in the constant illumination of Medea the woman.

Peter Stein directs WNO's new Otello

The German director Peter Stein makes his British deput with Welsh National Opera when his new production of Verdi's *Otello* opens at the Cardiff New Theatre on February 27.

The title role is taken by Jeffrey Lawton, Desdemona by Helen Field and Iago by Donald Maxwell. The conductor is Richard Armstrong, the designs by Lucio Fanti, costumes by Moidele Bickell.

WNO's spring season opens in Cardiff on February 26 with a revival of Liviu Ciulei's production of *Cosi Fan Tutte*, and Andrei Serban's production of Bellini's *I Puritani* returns to the repertory on March 7.

Julie Wilson/The Ritz

Michael Coveney

Julie Wilson is the nearly star of American musical theatre; she has taken over from first choice casting, paid her dues in summer stock, and is best remembered for appearing in the London premieres of *Kiss Me Kate*, *The Pyjama Game* and *South Pacific*. In recent months she has made a New York comeback as a cabaret entertainer. She now brings her intriguing 45 minute show to the Ritz, twice nightly (Monday to Friday) in the dining room until February 28.

Her voice, once mellifluous with a hint of Peggy Lee, is now small in range and croakily fractured. No long notes are held, no jazzy elisions attempted. Instead, we have here supreme musicianship, impeccable taste both in execution and choice of song, and an uncompromised, communicative artistry unfazed by the casual attention of a pitifully sparse audience of Tuesday night diners in the splendid room.

Wearing a beautiful black dress and a couple of white gardenias behind her left ear, Miss Wilson opens conventionally enough with "Let Me Entertain You." Dispensing with her feather boa, she progresses to Gershwin ("Isn't It A Pity," "Funny Face" and a rare but delightful duet from *Strike up the Band*, "Soon"); Porter (an ultra-witty gambling song from his first big success *Fifty Million Frenchmen* and "It's All Right With Me"); and Rogers and Hart's "To Keep My Love Alive," a brilliant number for a much-married murdress in *A Connecticut Yankee*, the 1943 version, five days after which opening Hart dropped dead.

These are real collector's items and at the half-way stage Miss Wilson sits on the piano to deliver one of Coward's least-performed but most affecting and personal songs, "I Travel Alone." Then a rousing display of controlled dynamics and theatrical bravura (a blood red and jet black boa, now) for "Mack the Knife" and a superbly organised selection from Sondheim's *Follies*, notably the lubriciously wistful "Can That Boy Foxtrot" and the showbiz survivors' hymn, the song that replaced "Foxtrot" on the road, "I'm Still Here."

The accompaniment at the piano (and in voice for "Soon") is by Billy Roy. It is simply magnificent, a model of how technical virtuosity, tempered with musicianly tact, can both support and illuminate a true vocal artist.

Julie Wilson

Arts Guide Jan 31–Feb 6

Exhibitions

ITALY

Milan: Palazzo Reale and Palazzo Bagatti Valsecchi: Edvard Munch (1863-1944): A large retrospective show by the Norwegian forerunner of the expressionists. An extraordinary conveyor of pain and anguish. Most of the paintings are from the Munch Museum in Oslo. Until March 12.

WEST GERMANY

Bonn, Rheinisches Landesmuseum, Colmantstr. 14-16: Constant, a Dutch painter and architect, one of the founders of the avantgarde organisation COBRA in 1948, is the highlight of a workshop of 65 oil paintings, gouaches and architecture constructions. Ends March 3.

PARIS

Homage to Paul Delvaux. Distant and solitary in their cool perfection, their large eyes unseeing, Delvaux's nudes people his dreamlike universe. The one touch of realism comes in the painting of his mother's kitchen, with an old-fashioned coal burning stove, grandfather clock and cured ham hanging from the rafters. Centre Wallonie-Bruxelles. Ends March 31 (42712616).

NETHERLANDS

Haarlem, Teylers Museum. A biographical exhibition devoted to Charles Darwin, his theory of evolution, and its reception in 19th-century Holland. Ends Mar 9.

BRUSSELS

Women in Pharaonic Times: 96 objects from the Cairo Museum including jewellery, make-up and perfume cases, religious objects and musical instruments reflecting the status of women in Court and Temple roles. Musée d'Art et Histoire. Ends Feb 28.

SPAIN

Madrid, Repetitive Structures. 22 works by 21 artists on loan from Ludwig Museum in Cologne, among them, Andre, Judd, Lewitt and Morris engaged in the Minimal movement and Andy Warhol, Lichtenstein und Dine in the Pop Art. Interesting mix of styles and trends. Fundacion Juan March, Castello 77. Ends Feb 16.

TOKYO

Ukiyo-e: Eighty famous prints. Riccar Art Museum (7th floor of New Ricca Building near International Arcade. Close to Ginza and main hotels. Ends Feb 23. Closed Mon.

NEW YORK

Guggenheim Museum: 55 major sculptors of the 20th century, including Giacometti, Nevelson, and Johns, are part of the theme Transformations in Sculpture, meant to cover pop art, minimalism and Arte Povera, among other movements of the past 40 years. Ends Feb 16.

WASHINGTON

National Museum of American Art: 73 works of New Zealand Maori artists show the mixture of religious, symbolic and artistic traditions in feather capes, ceramic vessels, carved and painted gourds and woven hangings using native materials. Ends March 2. Renwick Gallery.

Saleroom/Antony Thorncroft

Bull market for bears

Teddy bears continue to be in demand in the auction rooms. Sotheby's yesterday sold a rare early Steiff blond bear made in Germany around 1902, for £2,750, comfortably above forecast, and not far short of the auction record.

However, bears seem quite modestly priced compared with dolls, and a Bru bisque doll, made in France around 1875 and still in her original apricot dress, realised £11,000. Among the toys a French Pierrot and the Moon automaton of about 1890, the work of Roulett et Decamps, sold for £8,252.

While Christie's wrestles with its conscience over Goya's "Marquesa de Santa Cruz," which it plans to sell in April in London despite the Spanish Government's claim that it was smuggled abroad, Sotheby's went ahead with an auction in Madrid on Tuesday night of another Goya, a painting of witches entitled "Vuelo de Brujas." It sold for £519,205 to a Swiss collector who has a house in Spain where he will hang the picture. It was an auction record both for Goya and for any object at auction in Spain.

If Christie's goes ahead with its Goya it is likely to make well over £3m for it is an undoubted masterpiece.

Arts Council support for ethnic groups

The Arts Council will devote 2 per cent of its £135m budget for 1986-87 to Afro-Caribbean and Asian arts, and in 1987-88 will raise its commitment in this sector to a minimum of 4 per cent of its payments. Most of the money will be distributed through the Regional Arts Associations but the council will be monitoring expenditure to ensure that the associations give the cash to ethnic groups: many will probably spend more.

This is the first time that the Arts Council has ear-marked subsidy for ethnic arts, and the sums, involved represent a substantial rise in aid for this sector, especially given the fact that the council's 1986-87 grant from the Government was below what it needed.

Apart from the financial aid the Arts Council is keen to develop integrated casting at every level and to improve the opportunities for ethnic minorities among its existing clients as well as to bolster black arts. It plans to appoint a full-time senior arts officer for ethnic minority arts.

A.T.

What sort of ride would you have in Hanson's convertible?

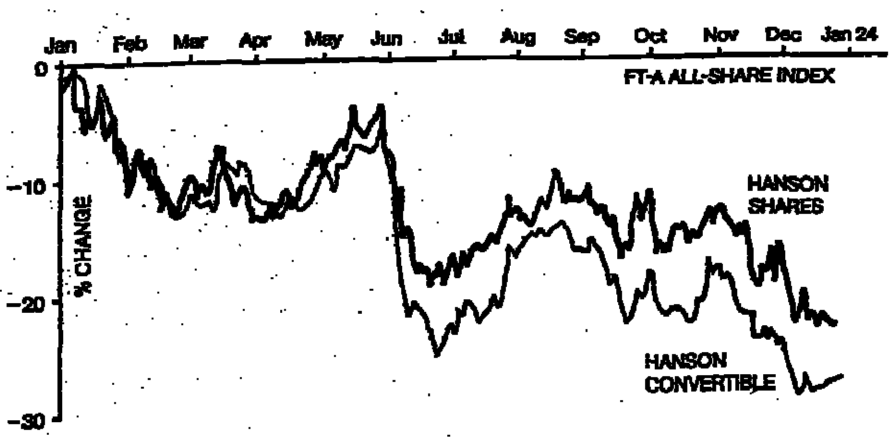
If you're an Imperial shareholder, there's something you should know:

Almost two-thirds of Hanson Trust's bid for your company is in the form of convertible loan stock.

Hanson plans to issue a massive amount of this convertible 'paper' to take over Imperial.

The bid is, in fact, designed to result in there being some £1.4 billion in value of Hanson Trust's convertible loan stock in issue.

That's nearly one third of the total of all UK convertible issues!



Source: Financial Times data

In 1985, holders of Hanson convertible and equity shares had an extremely bumpy ride.

Indeed, measured against the performance of the FT-Actuaries All-Share Index, holders of Hanson equity shares and convertible made an investment 'loss' of around £700 million in that year.

No wonder that Hanson's own shareholders gave a resounding 'thumbs-down' to the rights issue last summer.

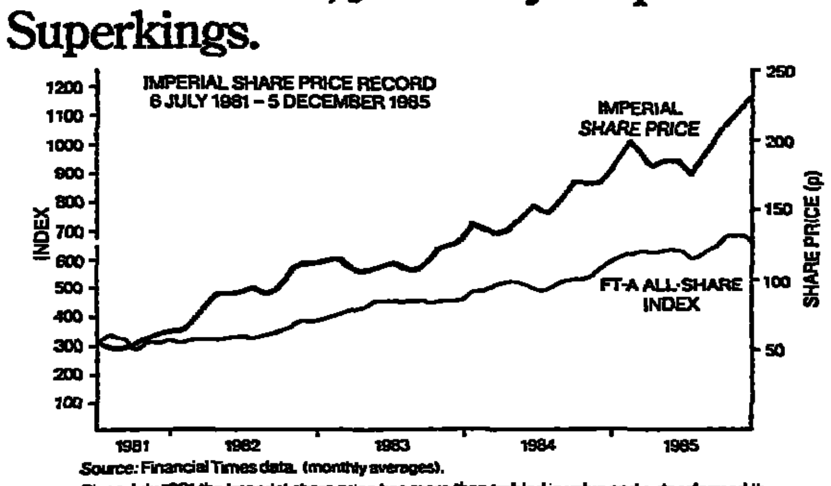
And don't forget, Hanson's convertible stock cannot be converted into ordinary shares until 1988.

It has no voting power. The income is fixed, and cannot rise.

Compare this with the rising income from your Imperial shares.

Imperial is an expanding blue chip group of companies, soundly financed and strongly managed, whose profits have more than doubled since 1981.

Behind your shares is the backing of over £1.5 billion of shareholders' net assets and a portfolio of famous brands such as Courage Best, Hofmeister, John Smith's Bitter, Ross, Lea & Perrins, Golden Wonder, John Player Special and Superkings.



Source: Financial Times data. (monthly averages).
Since July 1981 the Imperial share price has more than trebled in value and outperformed the FT All-Share index by some 100%.

They promise you a profitable and smooth ride in to the future.

So don't risk exchanging them for a bumpy ride in Hanson's convertible.

Famous brands doing famously.

IMPERIAL GROUP

The sources for the information contained in this advertisement are set out or referred to in the letter from the Chairman, Imperial Group plc to shareholders dated 16th January, 1986. The directors of Imperial Group plc, (including those who have delegated detailed supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and opinions expressed herein are fair and accurate. The directors accept responsibility accordingly.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Thursday February 6 1986

New phase in debt crisis

MEXICO'S plight in the summer of 1982 signalled the onset of the debt crisis in Latin America. Now, with the catalyst of sliding oil prices, Mexico is once again cast in the unwelcome role of lead actor in a new, dangerous, phase of trying to tackle the region's $350bn foreign debt.

As underlined by last week's meeting of the presidents of Mexico and Venezuela, these two countries are the most vulnerable to a fall in oil prices. For each fall of one dollar in the price they lose $550m and $300m respectively in annual currency inflows. Their calculations for both economic development and debt service this year have been thrown out of the window by the latest oil price tumble and their alarm is understandable.

In calling for an emergency meeting of the Cartagena Group, which comprises the 11 main debtor nations of the region, these two leaders have exercised one of the few options that might have an impact both on their own electorates and in the eyes of the international financial community.

The Cartagena Group meeting will be attended only by Foreign Ministers and will further break tradition by taking place for the first time outside the region in Washington over the weekend. These are good psychological tactics, exposing Latin America's concerns on the doorstep of the International Monetary Fund and the Reagan Administration, now committed to the Baker Plan to ease developing countries' debts. However, there is a danger in the present climate that Latin American debtors will find themselves pushed to adopt more radical postures, from which it will be difficult to back down.

Frustration

In nearly two years of existence the Cartagena Group has sought a constructive dialogue with the main industrialised governments, international financial institutions and the commercial banks. The disparate views and differing national needs of the Latin American debtors may not have been fully co-ordinated but some basic parameters have been established. They have agreed that the formation of a debtors' club is counter-productive and, at the other end of the scale they have accepted, in some cases very reluctantly and not very publicly, that the IMF does have a role to play as guardian of economic orthodoxy.

In return they can claim some credit for having forced the international financial community into being more flexible, and for having persuaded the US Administration that growth must be encouraged if a way is to be found out of the debt crisis. The philosophical heart of the Baker Plan endorses this idea of growth.

But there is a growing frustration in Latin America, that industrialised governments and the banks will have to heed. While belatedly admitting a partial responsibility for the debt crisis, they feel they are bearing costs out of proportion to that responsibility. In attempting to keep up their obligations to their creditors, Latin American debtors have seen a sharp reversal in the flow of resources to them, with a substantial net outflow of capital. Real incomes have declined, unemployment has risen and average inflation has almost doubled in the last three years. Even governments, like Peru, which have unilaterally reduced their debt service obligations, are still imposing severe austerity packages.

Brinkmanship

Recent comments by the Mexican Finance Minister, Mr Jesus Silva Herzog, that governments are responsible first to their people and then to their creditors cannot be ignored. Latin American debtors, and especially Mexico, seem to be reaching the limits of political tolerance vis-a-vis their own electorates in sustaining sacrifice without some compensating alleviation of the debt burden.

The scene is set for exhausting brinkmanship between Mexico, its banks and the Western governments which have to underpin the credibility of those banks. The fall in the price of oil will require a degree of extra sacrifice from each of these inextricably linked players. Mexico will have to accept and adjust to an income shortfall — tough though this is. The banks will have to accept some revenue drain on their Mexican involvement — incurred against their better judgment. The Governments will have to support this increased involvement with the first practical implementation of the Baker plan, directing the IMF to develop a new programme of lending to Mexico and the World Bank to play its part with structural adjustment loans. The question is whether their plan can be applied pre-emptivity, or must be crisis driven.

A dry policy for water

BRITAIN'S privatisation programme has attained a momentum that could never have been predicted. No part of the public sector, it appears, is now sacred. Five years — even two years — ago, the idea that the Government might attempt to sell the country's 10 water authorities would have seemed laughable.

Water, it would have been argued, is a national resource and a natural monopoly: it must remain in public hands. Yet yesterday's white paper has set a tentative timetable for the privatisation of the authorities.

Water, to a greater extent even than gas, will take the privatisation programme into uncharted territory. There can be no pretence thatt he sale will in any meaningful sense promote competition in the supply of water. So how can it be justified? Sceptics will say the real motivation is cash: part of the nation's infrastructure is up for sale to finance tax cuts.

The loot at stake is remarkable. The Government has stumbled upon a public asset worth far more than British Airways and quite safe from US lawsuits. Thames Water (the jewel in water's crown) alone should yield £1bn; the rest, if they can be marketed, a further £2bn-£2½bn.

Heritage

The marketing might not be as difficult as is sometimes imagined. Water executives argue that the industry has a huge and largely unappreciated Victorian heritage. There is considerable over-capacity, reflecting the fact that the industry's land and infrastructure needs were assessed in the steam age when manufacturers' appetite for water was much keener.

If piping were improved so that a third of the nation's water no longer leaked away, fewer reservoirs would be required; many are already unused. In other words, private investors might be attracted even to the run-down authorities by the prospect of asset-stripping (especially land sales) on a large scale.

It would be unfair to pretend that sale receipts are the Government's only motivation. Ministers, such as Mr John Moore, the Financial Secretary, strongly believe that privatisation can bring important benefits even where competition is impossible. The profit motive, it is argued, motivates both managers and workers; efficiency improves.

The customer, often a "forgotten factor" in public-sector enterprises, is brought centre-stage. Monopoly power is curbed by an effective, independent regulator. The Government intends to set up a Director General of Water—a sort of liquid equivalent of Prof Bryan Carsberg, the telecommunications watchdog.

As an additional bonus, politicians' ability to meddle in industries is sharply reduced (although not eliminated entirely) by privatisation. Mr Roy Watts, chairman of Thames Water, pressed hard for denationalisation precisely because the Treasury had so shamelessly milked his business to make up for shortfalls of legitimate tax receipts.

All this is to put the case for privatisation at its most favourable. The experiment with independent regulation of private sector monopolies may prove a dismal failure. But the performance of public monopolies was poor enough to make the experiment worthwhile. In the case of water, it should be emphasised that privatisation would not necessarily rule out desirable innovations such as a "national grid."

There is no reason in principle why privatised authorities should not buy and sell water from each other and thereby even out distribution around the country. The key to this, some in the industry argue, is metering: once a price can be put on water it can be treated more like a normal commodity.

There are many obstacles and some dangers ahead. Water authorities' employees are not yet keen on privatisation: they fear the loss of index-linked pensions and water-tight job security. The public will oppose metering and may not want to buy so unglamorous a stock as water. Most important, it remains to be seen whether an independent regulator can enforce the stiff environmental and health controls that will be required.

Mr Lawson is paddling towards the wrong rapids

Michael Prowse raises some practical and philosophical objections to next month's green paper on personal tax reforms

Ashley Ashwood

IT LOOKS as though Mr Nigel Lawson — through his proposals for personal tax refom — may be about to do a "Kenneth Baker." Emulating the Environment Secretary, the British Chancellor is shortly to issue a discussion paper containing plans so contentious and implausible as to render eventual implementation improbable.

Mr Baker's implausible scheme was, admittedly, foisted on him. It involves turning the fiscal clock back several centuries and replacing domestic rates with a poll tax—the sort of feudal levy Henry VIII might have approved.

Mr Lawson believes passionately that tax allowances should be transferable between marriage partners. The tax system, he told the Conservative Party conference last autumn, is "disfigured" because wives who stay in the home cannot transfer their allowances to their husbands.

The scheme for transferable allowances is to be set out in detail in a long-delayed green paper now expected on March 18th (Budget day). The main elements were laid out in last year's Budget address.

This said that every adult would get the same standard tax allowance irrespective of sex or marital status. Husbands and wives would be taxed separately on earned and (more surprising) investment income. But if either was unable to make full use of his or her allowance, the unused portion could be transferred to the other.

Absurdities

At first sight, this may sound an admirable scheme. It would, after all, eliminate absurdities in the present matrimonial tax regime which dates from Napoleonic days. The symmetrical treatment of husband and wife would replace today's blatant sex discrimination: under existing law, a wife's income is regarded for tax purposes as her husband's; he is legally responsible for the joint return.

A standard allowance for all adults would also sound a long-overdue death knell for the bloated married man's allowance (MMA). Just by walking up the aisle, a man can qualify for an allowance that is almost 1.6 times the single allowance—in 1985-86, £3,455 against £2,205.

Under present rules, married couples fall into three arbitrary categories. In the traditional family, where only the husband works, a couple gets only the MMA. If both spouses work, the couple gets 2.6 times the single allowance—the MMA plus the wife's earned income allowance (technically a concession granted to the husband).

Oddest of all, in a "role reversal" family where only the wife works outside the home, the couple still receives 2.6 times the single allowance. Since the wife's earnings belong for tax purposes to the husband both the MMA and the wife's allowance are available as offsets.

Mr Lawson's proposed reform would simplify things. Every married couple, courtesy of transferability, would qualify for the equivalent of two single allowances. It would be immaterial for tax purposes whether one or both spouses worked. The sex of a lone breadwinner would not matter. Two adults, simply by virtue of marriage, would never be able to qualify for more than the overall allowance of two single, working adults.

Almost everybody agrees the existing regime of household taxation is begging for reform. The debate has raged for more than a decade. Sir Geoffrey Howe, Mr Lawson's predecessor, produced an agonised, inconclusive green paper in 1980. The difficulty is that people do not agree what should be done. There is no sign of a consensus behind the Lawson plan.

The Chancellor is likely to come under fire from two directions—from those with pragmatic and those with philosophical objections.

The pragmatists will say: "By all means eliminate sex discrimination from the code but don't risk your neck with anything more ambitious. Give husbands and wives duel responsibility for the couple's tax affairs, rename the MMA the married couple's allowance but don't contemplate a reform that would result in a radical redistribution of income. The last thing we want are millions of disgruntled losers."

The scale of potential gainers and losers is alarming. Note first that the reform could not be phased in on a "revenue-neutral" basis—so that the Exchequer did not lose money. Revenue neutrality would imply a standard transferable allowance of £2,400. Married couples who both earned would then lose £250 a year; single earner couples, £350.

Reform could be contemplated only, as Mr Lawson has conceded, on the basis of "no cash losers." This would mean closing the yawning £1,250 gap between the MMA and the single allowance by raising the latter. The cheapest option would be to freeze the MMA in money terms, so that inflation ate away its real value, while simultaneously over-indexing the single allowance.

The goal might be a standard allowance of £2,880—midway between the present MMA and single allowance. Inflation at 5 per cent a year would whittle the MMA down to this level in four years. The single allowance would have to be raised by 30 per cent over the same period, or by 7 per cent a year, which would be roughly in line with expected earnings growth.

> Almost everybody agrees the existing, dotty regime of household taxation is begging for reform. The difficulty is that people do not agree what should be done.

The cost of the exercise would be some £3bn-£4bn; reform would thus preempt a large slice of future tax cuts. But could any Chancellor survive a four-year transition during which some tax-payers gained so much at the expense of others?

The process would be further complicated by the need either to phase in the transferability of allowances or gradually to raise the single-earner couple's allowance. Otherwise, at the end of the transition, such couples would suddenly enjoy a windfall—two single allowances in place of only 1.6.

But however ingenious the phasing, there would be no way of obscuring the fact that two-earner married couples would lose steadily and substantially: their 2.6 allowances would dwindle to only 2.

What of the philosophical objections? The political storm of the transition would be worth weathering only for a very attractive destination. Yet a whole raft of tax experts, pressure groups and official bodies (including the European Commission, a House of Lords Select Committee, the Equal Opportunities Commission, the Child Poverty Action Group and many others) believe Mr Lawson's goal is misconceived. He is paddling towards the wrong rapids: he has overlooked a simpler, cheaper and fairer alternative.

This alternative is known as "individual, independent taxation" (IIT). The idea is that every adult should be taxed separately and should have the same standard tax allowance. As under the Lawson plan, the MMA would have to be phased out. The big difference is that the standard allowance would not be transferable in any circumstances.

The central charge against the Chancellor's scheme is that it is wasteful and arbitrary. Every married man, regardless of circumstances, would have potential access to two standard tax allowances. What is the rationale for this?

Mr Lawson says it would end "discrimination" against the family with young children where the wife has to stay at home. Perhaps. But it would do so in a grossly inefficient way: every single-earner married couple would gain—not just those with special needs.

Much of the revenue raised by scrapping the MMA would be thrown away in quite unjustifiable tax concessions. The Chancellor would, for example, be granting extra tax allowances to childless stockbrokers whose wives stay at home because they enjoy coffee mornings and tennis.

By contrast, the IIT approach is more austere and logical. It is neutral towards the institution of marriage: a spouse who stays at home is treated like anybody else outside the labour market: he or she does not get an allowance to set against somebody else's income. All single-earner couples would receive just a single tax allowance.

But IIT is quite consistent with the sensible dictum that the tax and social security system should respond to need. If a couple has children or other dependants (and demographic trends means the number of households supporting the elderly will rise sharply), it deserves assistance. But this need is quite independent of marital status: all households with dependants need special help, not only married couples.

Under the IIT alternative, all the money raised by phasing out the MMA (and more if the Chancellor were generous) would be available to meet need wherever it occurred. Unlike the Lawson plan, it would be consistent with the Fowler doctrine that relief should be carefully targetted. It would be possible, for example, to finance a substantial increase in benefits for children and for disability.

A supposed advantage of transferable allowances is that they alleviate the poverty trap—a description of the way poor families lose most, if not all, of a rise in income through high taxes and lower benefits. The force of this argument (weak anyway because the trap affects less than 2 per cent of taxpayers and so cannot justify changes affecting every household) has been much reduced by Mr Norman Fowler's social security reforms. Transferability would give the single earner households that dominate the trap a bigger overall allowance but this might leave them little better off.

Under the new social security rules, benefits are based on net income. This means that a higher total allowance due to transferability will be less effective in reducing poverty. As Mr Andrew Dilnot at the Institute for Fiscal Studies has pointed out, if higher allowances result in a £1 increase in net income, many poverty trap families will end up only 6p better off (under the new rules, withdrawal of famility credit disposes of 70p; withdrawal of housing benefit absorbs 24p of what is left).

The Lawson plan has other disadvantages. A wife's allowance would be available to a family whether or not she worked. Thus if she did work, the family's extra earnings would be taxed at 30 per cent from the first penny. Many women might regard this as a new and considerable disincentive to seek paid employment. The Treasury is thought to like this implication because it might slow growth of the labour force and improve the unemployment figures. The Prime Minister, however, is said to have taken a dim view of this tax on female enterprise.

Vulnerable

The Chancellor's scheme is vulnerable to criticism even from those who favour transferability. It does not show much respect for the individual that the privilege is granted to married partners only. There are many other stable household types. Why, for example, should a brother living with his sister not be able to exploit her tax allowance if it is unused? In Mr Lawson's world, this couple would deserve only half of the tax allowance of a single-earner married couple. Why?

At bottom, the Chancellor's plans look like straightforward fiscal discrimination in favour of marriage. The traditional male breadwinner households which stand to get two instead of 1.6 allowances could be forgiven for believing that Mr Lawson's intention is to enhance rather than abolish the MMA.

Like Mr Baker, the Chancellor looks set to issue proposals that are politically controversial yet lack much economic merit. Why not accept that the tax system should be kept as simple as possible through the adoption of IIT, and the social security system fashioned to cope efficiently with need wherever it occurs?

Men and Matters

Soviet PM thaws Davos

And now — the Ryzhkov Show. The Soviet Communist Party leader, Mikhail Gorbachev, has already proved himself a top public relations performer in the West. But he will have to look to his ratings with the arrival of a new media star: Nikolai Ryzhkov, the Soviet Prime Minister.

During a live, two-way television transmission yesterday, Ryzhkov in Moscow drew applause from hundreds of top executives gathered for an international economics conference in Davos, Switzerland. The pictures flashed on to a cinema screen in Davos's Congress Hall showed the youthful-loking, sober-suited Ryzhkov as the very model of the Russian manager.

Seated behind a large desk in his panelled office, he talked fluently about productivity, investment and the glowing prospects for East-West trade, provided détente could be preserved. Soviet technology, he assured his viewers, was of a high standard — but that did not mean Western imports were not welcome too. He described questions read to him by the chairman of the Davos session as "very important" and reeled off statistics in his replies without evident prompting.

The general consensus afterwards was that Ryzhkov had said nothing very new — but had said it unusually well. Some gloss was taken off the performance when it emerged that the Russians had been told the questions in advance.

"Oh well," said an initially crestfallen Swiss banker on hearing this news, "at least he got his lines right."

"We've stopped again—this isn't the Royal train is it?"

Thin times

The new narrower Times and Sunday Times is saving publisher Rupert Murdoch substantial sums of money but is costing its readers thousands of words a day.

Since they moved to Murdoch's new plant at Wapping in the East End of London the two broadsheet newspapers have been coming off the presses one inch narrower. That lost inch, which many readers may not have even noticed, is saving Murdoch £2.5m a year in newsprint costs. The savings are made because newsprint is paid for by the ton, and you pay for what you get.

The windfall for Murdoch has more to do with printing The Sun and The Times on the same presses than a cleverly disguised plan to help meet the cost of new technology. But it certainly means fewer words per page for the same cover price. News International concedes that it is losing between 8 per cent and 10 per cent of the words that appeared in the "old" Times.

Advertisements too are smaller in the narrower columns although there are no plans to give advertisers a rebate. Like shrinking chocolate bars the age of the diminishing newspaper may be upon us.

Meanwhile, Brenda Dean, general secretary of the print union SOGAT, currently in dispute with Rupert Murdoch, is advising her members in the SOGAT Journal: "If you see your boss reading The Times, tell him the Thunderer has lost its integrity and he would be far better informed with the Financial Times."

Her argument rests upon reading the words as well as counting them.

Market reaction

Currency speculation in Beirut is not for the faint-hearted.

After a run on the Lebanese pound was abruptly checked this week by intervention by the Lebanese Central Bank, one speculator shot himself on Hamra Street, others suffered heart attacks, some merely collapsed with shock.

My reporter on the spot tells me reassuringly, however, that dealing rooms were calm again yesterday after days of being "transformed into smoke-filled gambling dens."

Majid Jumblat, a member of the central bank central committee, has announced that "panic will be fought with a different kind of panic."

The bank has drawn up contingency plans to combat "economic and psychological pressures" against the Lebanese currency during the next few days. For starters the bank has absorbed £1.2bn Lebanese pounds from the market creating a shortage and making it difficult for banks to buy more dollars. Earlier in the week the Lebanese pound slipped to a rate of 28 pounds to the US dollar before central bank intervention brought it to 21 pounds to the dollar.

Card game

Japanese banks may be big players in the world's revolving 24-hour financial market, but their more modest customers back home in Japan are accustomed to shorter shrift and service.

Automatic bank tellers, for example, have only limited opening hours—from 8.45 am until 6.00 pm Monday to Friday, from 9.00 am to 2.00 pm on three Saturdays a month. On the second Saturday, and every Sunday and holiday, they are firmly locked up.

Debate over longer hours is heavy—and long. The banking world and government have decreed in effect that the smaller, weaker banks, unable to invest in the needed technology, should not be put at a disadvantage with the big city banks that can afford it.

Thus it was with more than passing interest that Japan awaited the results of the latest protracted deliberation on auto-teller hours. The judgment, when it came down from the chief bankers, was a little less than Solomonic and even downright cheap.

It was that, perhaps by this summer, tellers could stay open for an extra hour each weekday evening. But the customer would be charged an extra Y100 (about 33p) for each transaction made during that hour.

The bankers complained that it was nothing less than lamentable that the rival post office savings system was proposing to lengthen its hours and not levy a service charge.

Working party

Is this the death-knell for the office party?

A judge in Seoul has ruled that the death of a company official caused by over-drinking at a company party should be viewed as death on duty and be compensated by the firm. The company has been ordered to pay $44,000 compensation to the man's family.

Observer

The Philippines goes to the polls

The election that may have come too late


Mr Marcos: accusations

By Chris Sherwell in Manila


Mrs Aquino: predictions

A DANGEROUSLY unpredictable chapter in the fraught history of the Philippines opens tomorrow as President Ferdinand Marcos concludes a tumultuous battle to hold on to 20 years of untrammelled power.

About 26m voters—almost half the population—face a delicate electoral choice: between a wily but ailing 68-year-old autocrat who, for many, is the only leader they remember; and the inexperienced but sincere Mrs Corazon Aquino, widow of Benigno Aquino, his most incisive opponent who was brutally assassinated in Manila two-and-a-half years ago.

The outcome could well bring widespread street violence, another episode of martial law, an unprecedented military intervention or an intensified Communist guerrilla insurgency. It could also bring a flowering of democracy.

Either way this ostensible battle between good and evil will affect relations in South East Asia, the regional balance of power and, because of the US's strategic air and naval bases at Clark Field and Subic Bay, ties with Washington and overall Pacific security.

Up to 1,000 foreign observers and journalists have descended on this divided nation to witness the climax of a Marcos-Aquino showdown which has unleashed feverish emotions. The unpunished assassination of Benigno Aquino and the economy's subsequent collapse mean nothing less is at stake than a people's self-confidence and self-respect.

Mr Marcos and Mrs Aquino each claim they will win. Mr Marcos points to favourable but dubious surveys, and says he cannot contemplate losing. More ominously, he warns followers that his opponent "must be stopped." Mrs Aquino, aroused by enormous crowds across the country, expects people to shake off old allegiances in spontaneous support.

In the current Philippines context, the contest could not be sharper. Mrs Aquino and her vice-presidential running-mate, Mr Salvador Laurel, comprise the most potent combination the country's fractious opposition could put up. Though not a "dream ticket"—she could use his campaign style, he her natural grace—they do bring together Mr Laurel's Unido Party organisation and Mrs Aquino's integrity and sense of mission.

The formidable power of the presidency has given Mr Marcos and his partner, Mr Arturo Tolentino, indisputable advantages. To secure votes Mr Marcos has shamelessly used his patronage, government largesse, logistical support, media access and billions of pesos in personal and party funds. His family, and especially his ambitious wife, Imelda, have worked tirelessly, as though protecting a dynasty.

Though looking lethargic and less robust, Mr Marcos has ventured to several parts of the country, but always under heavy guard. Every night he has returned to the safety of Malacanang, the presidential palace. Mrs Aquino, on the other hand, has criss-crossed the land, barnstorming through 68 of the country's 73 provinces and urging voters to "remove the dictator."

Carrying the torch of her husband's crusade, she has sought to embrace all forces—business, labour, the left, the church, even the military. To demonstrate her credibility at home and abroad, she has relied on the help of a wide range of advisers—"ghost presidents," Mr Marcos calls them—to spell out numerous policies.

Thus, Mrs Aquino has promised a constitutional convention, greater freedom of the press and an overhaul of the judiciary. She will release political prisoners and end the controversial presidential detention and decree-making powers. She will also retire "overstaying" generals, and offer an amnesty to guerrilla insurgents who renounce violence.

She is less convincing on the economic front. Mrs Aquino wants to renegotiate the restructuring of the Philippines' $25.6bn external debt and to overhaul the tax system. She promises continued protection and lower taxes for local business, but more liberal strike laws for workers.

To counter this challenge, Mr Marcos has held out the possibility of constitutional reforms and a review of the decree-making power. In a give-away campaign, he has reduced fuel prices and promised a second cut after re-election, lowered sales tax and ordered other tax reliefs, and signed countless economic decrees, proclamations and orders in front of campaign audiences.

The main issue throughout the campaign, however, has been the candidates themselves. Discarding the laws of libel and slander, they have hurled dirt by the hundredweight. Mrs Aquino, growing more strident, has denounced Mr Marcos as a plutocratic Filipino pharaoh who has built a pyramid of disgrace, and called him an evil genius surrounded by unthinking clones who have run amok.

She says it is Mr Marcos who is responsible for the intensifying insurgency and the deteriorating economy. She calls him the "number one suspect" in the murder of her husband, and threatens to put him on trial.

Mr Marcos has called Mrs Aquino inexperienced and naive, especially over her amnesty offer. He has labelled her, rather contradictorily, as a land-owning oligarch and a Communist who is bent on dismembering the country. Latterly he has affected to be more presidential, but he has been deeply hurt by charges that he has stashed wealth abroad and made fraudulent claims to be a war hero.

Intriguingly, these revelations have come from the US, where the anti-Marcos lobby has been growing ever since the Aquino slaying. The Reagan Administration has urged reforms on Mr Marcos, and he has responded belatedly, reluctantly and disappointingly. An official US delegation is observing Friday's poll, and Washington's judgment will be critical in determining how subsequent events unfold.

By Monday a total of 47 people had already died in election-related incidents, and in some places intimidation has meant people are living in fear of their lives. Election day itself could see more troubles if Mr Marcos's supporters try to rig the ballot. The Catholic Church certainly fears this, and if Mrs Aquino's supporters decide they have been robbed of victory, the threat of violence will intensify.

No one doubts that the chances of fraud are high, since few Philippines elections are clean. Phantom voters, stuffed ballot boxes, falsified returns, stolen ballot sheets and outright bribery and threats could all distort the result. Much will depend on the verdict of the National Citizens Movement for Free Elections (Namfrel), an independent watchdog body trying to monitor the 85,000 polling places and the count.

Up to the last minute Namfrel has been arguing with the official Commission on Elections (Comelec) on the terms of a "quick count" to indicate the likely winner in less than 48 hours. By yesterday Namfrel had made concessions which would make its estimates less reliable. Meanwhile, the official count is to be done later, by the National Assembly, which is dominated by Mr Marcos's party — and that could take weeks.

With ministers, governors and mayors under orders to deliver the vote and thousands of jobs on the line, Mr Marcos is counting on favoured loyalties to see him through. Certainly he can expect to win in his own stronghold of northern Luzon.

Since the southern island of Mindanao and the central Visayas are divided, the main test is expected in Manila and in central and southern Luzon. These three areas have more than 40 per cent of the voters, and here Mrs Aquino is the favourite.

According to her supporters, only a landslide can ensure she is not cheated of victory by fraud. To achieve this, radical leftists would have to spurn their leadership's call for a boycott. More pointedly, few can imagine Mr Marcos conceding defeat willingly.

To many people, a fair and square victory by Mr Marcos seems even less likely. If it came, he would acquire a much-needed breathing space, since the opposition would be likely to disintegrate once again.

Most people believe a Marcos victory will only be secured through cheating. If this is by a margin slender enough to offer the benefit of the doubt, public demonstrations may not last, but neither would any return to normality.

A victory through palpable fraud would probably bring violence as people take to the streets. If Mr Marcos then ordered a clampdown, the armed forces might not respond. They are divided into factions at the top and by blocked promotions in the middle.

If the clampdown was successful, the opposition would be likely to grow more radical, giving the guerrilla insurgents, currently numbering some 15,000, a fresh pool of recruits. Last year alone 4,776 people died in insurgency-related incidents — 13 a day on average, compared with 10 in 1984.

Unsurprisingly, the Philippines' neighbours in South East Asia are watching this election with bated breath. For the US, which sees the Philippines straddling major sea lanes between Japan and the Gulf, a delicate situation is made even trickier by memories of Vietnam, Iran and Nicaragua.

Washington wants progress down the road to political and economic reform in order to undercut the insurgency, which is why the Reagan Administration has increasingly distanced itself from Mr Marcos. The US is widely believed to have encouraged this election, but for all the revelations out of Washington, says only that it is ready to work with the winner of a free and fair poll.

All this explains why the election, which technically was not due until 1987, is being described as the last chance for a moderate alternative in the Philippines. Some people say it is already too late — that the revolution has started. But the election could also mark a revival of democracy in the Philippines in so far as voters have heard genuine alternatives and now face a real choice.

Unfortunately, it is a choice which ought to have been offered five years ago when Mr Marcos finally ended almost nine years of martial law. Instead, the Philippines is confronted by an election which, conceivably, no one can win—not Mrs Aquino, because she will not be allowed to, nor Mr Marcos, who now appears destined to be pushed from power if he does not die quickly or leave of his own accord. For him, it is surely the beginning of the end.

Samuel Brittan's Economic Viewpoint will appear on Monday.

Training in the UK

The analysts' blind spot

By Eric Molyneux

INVESTMENT MANAGERS and analysts have so far avoided much of the criticism that has been hurled at the City in recent months. However, although these gurus of the financial world may be in great demand for TV appearances and radio interviews, they are not at all popular with the authors of the recent MSC/Nedo report on attitudes to training in the UK.

Previous Manpower Services Commission reports have demonstrated that many overseas competitors spend far more of their resources on training than does the UK. The latest, entitled: "A Challenge to Complacency; changing attitudes to training" examines the attitudes which have caused this and makes recommendations as to what should be done. The authors spoke to investment managers and analysts from many financial institutions. "Investment managers," they conclude, "do not perceive training activity to be of significance when assessing a company's worth."

According to analysts, training has no predictable impact on profits and is, therefore, unworthy of their attention. But the report goes on: "This position contrasts somewhat with the US. Wall Street analysts, although still mainly oriented towards financial statements, are constantly seeking new ways to predict future profitability. For some types of firms, especially those in high technology and other fields characterised by acute skill shortages, training is likely to be necessary for continued good performance. Evidence of effective and efficient training programmes to fill such critical needs would, therefore, be likely to produce a favourable reaction by financial analysts.

London investment analysts are, therefore, missing an important point. The link between corporate performance and training investment *has* been proved. For example, a recent MSC research survey, "Adult Training in Britain," showed that whereas high performing companies had 8.9 days training per employee per year, low performers showed only 2.8 days. High performers showed nearly a 25 per cent increase in training activity over the past five years, but low performers reported a 20 per cent decline.

On every single measure high business performance was strongly associated with a high level of training.

By showing so little interest in corporate training activity, financial analysts are not only being short-sighted but are also failing to take the whole picture into account.

Even if they wanted to investigate the effect of corporate training activities most financial analysts could not recognise good training practice if they fell over the company training manual as they left a presentation. Analysts' expertise in human resource management is at best questionable and often non-existent.

But lack of understanding extends beyond the area of training and into the province of employee relations. How many analysts really understand corporate communication or consultation and the effect of this on performance and profitability? How many know what kind of agreements are likely to provide the basis for good industrial relations? It is distressing to see influential people missing these crucial points—they urgently need training themselves in this area.

For every company, the most sensible step towards raising the issue in analysts' minds is to include training in the annual report to shareholders.

Perhaps this should be mandatory. A requirement to disclose information on training investment would be a significant incentive for senior managers to pay more attention to this area. A sensible method of making inter-firm comparisons would also be a step forward.

By ignoring the link between training and profitability the City continues, in its own way, to contribute to the demise of much of British industry. Analysts and investment managers can play an important role in helping to stimulate recovery by looking carefully at what companies do about training and using it as an important measure of performance and profitability.

The author is a director of the Industrial Society.

Letters to the Editor

Financial strategy

From Professor D. Vines

Sir,—Britain needs a recovery policy. Policy must guarantee that total spending (money GDP) will rise fast enough to reduce unemployment, providing that pay and prices remain in check. But the policy must also explicitly state that the Government is not prepared to passively accommodate a renewed inflationary surge. A money GDP target states this, loud and clear.

The Government should scrap monetary targets. They are, in any case, only an indirect form of money GDP target. But they are fatally flawed by shifts in velocity, as asset holders shift into, or out of, the controlled assets. This will happen to M0 (when banks, companies and individuals change their habits) as surely as it happened to M3.

Is the money GDP data any good? Work by *Bill Martin* at stockbrokers Phillips and Drew suggests that reliable provisional monthly proxies could be obtained six and a half weeks after each month, an extra lag of only three and a half over the money stock figures.

Could money GDP targets be made to work? As Samuel Brittan points out, it would be difficult to manipulate money GDP on a quarter by quarter basis, and it would be misguided to try. Rather we must aim to influence the year-on-year trend. (Attempts to hit monetary targets quarter by quarter or month by month were always only window-dressing anyway, and they were destabilising). Fiscal policy will have a part to play in keeping money GDP on trend.

Is membership of the European Monetary System an alternative to money GDP targets? No. I am in favour of the EMS. Day by day, our monetary policy should stabilise sterling within it. But we need strategic flexibility. What if we are successful on inflation, but not as successful as Germany? (That is surely the best we can hope for.) What if our recovery is so successful that it requires more imports? Occasional realignments within the EMS will then be necessary. Without a money GDP target to give backbone to policy these realignments would destroy the credibility of policy. EMS membership, on its own, is not a creditable financial strategy, and the City will not be satisfied by it.

Thus a package. No more monetary targets. Money GDP targets as a medium term framework to ensure credibility. Day by-day monetary policy to keep us in the EMS, with occasional realignments. I am sure, that an incomes strategy will be needed as well as (not instead of) the above. But that is another story.

(Professor) David Vines.
Adam Smith Building,
University of Glasgow,
Glasgow.

Public spending and GDP

From Mr A. Sutherland

Sir,—My letter (January 21) pointed out that it is nonsense to divide public spending, of which nearly half represents transfer payments, by GDP (which by definition excludes all transfers).

For the logical point is that the upper limit for public spending as a percentage of GDP is not 100 per cent.

Mr Manser (January 25) agrees that government does not consume 40-odd per cent of real output. Alas, he believes that the figure still has some significance, if GDP is looked at from the income side, rather than the expenditure or output sides. Since GDP accounting obeys double-entry rules, it would be surprising if a different conclusion could genuinely be reached by this route. In fact Mr Manser's argument rests on inconsistent definitions. He slides between government's share in "absorption" ie total final expenditure—to which the corresponding income is total factor incomes, which do add up to GDP; and the amount of government "requisitioning," which is final expenditures plus transfers-to which the corresponding "total income" is not "the nation's income," but GDP plus transfers. The meaningful figure for government absorption of the pint remains around 25 per cent, whether the absorption is measured from the income side, from the expenditure side or from the real output side.

Mr Arthur (January 27) is not concerned with the logical point, nor indeed with national income accounting at all, if he wishes to maintain that "All government spending is a transfer payment of one form or another." Both he, and Mr Manser, are evidently concerned with the extent of government intervention, or perhaps the degree of tax burden. But many government actions, fiscal and non-fiscal, have economic effects, absorbing or redistributing GDP, without appearing in "public spending" or "taxation plus borrowing." Raising prices through the CAP, or by failing to deal with monopoly, or by ineffective "regulation," are implicit taxation. Failing to tax, or increasing tax allowances, are implicit subsidy. Moreover "burden," or impact on real income, requires argument, not about the misuse of national income accounting identities, but about how the economy actually works, and about what the growth path of GDP might be in future if the total and composition of government taxation, borrowing and expenditure were to be determined not by shibboleth, but by coherent analysis, and after a comparison of the effects of alternative policies.

One of the marks of successful propaganda is indeed the extent to which prolonged exposure to it inhibits thought. Can we not get back to serious discussion of the genuine issues?

Alister Sutherland.
Trinity College, Cambridge.

University staff

From Mr J. Magill

Sir,—Can it be true that the universities seriously propose "the extension of the probationary period to five years" for academic staff, as reported on January 24?

If so do they really believe that intelligent people with marketable qualifications will be attracted to careers that impose such a burden of uncertainty in the critical years when personal commitments are likely to include marriage, house purchase and family building?

Is the proposal perhaps intended to compensate for the long years of excessive security that the established academics have enjoyed and may hope to cling to?

Whatever the reason, it is to be hoped that publicity and comment will be in time to prevent the perpetration of a folly. Somehow the universities like the teachers, must be persuaded to adopt a crisper and more professional approach to staff appraisal and career development. Six to twelve months is the maximum that should be allowed for probation, but appraisal should be career-long since performance can deteriorate at any time.

Already teachers and lecturers with the most needed and marketable qualifications are leaving the profession in damaging numbers. It seems that Sir Keith Joseph is content to promote internal conflict between parties over whom he has no sanction and to then stand back and watch the destruction.

J. A. Magill.
Ingleton,
Shrub Lane,
Burwash, E. Sussex.

Not purblindly pigheaded

From Mr S Tyndale-Biscoe.

Sir,—I am grateful to Michael Dixon for bringing to my attention the reference to Canon Cecil Tyndale-Biscoe in J. A. Mangan's book "The games ethic and imperialism."

In his article "How to develop the 'right personal qualities'" (Jobs column, January 30), Michael Dixon chooses my great uncle as an instance of "purblind pigheadedness," and drawing on Mangan's book describes how he "opened an English-style school in Kashmir and decided that his Brahmin pupils would all play football," despite the fact that their religion forbade them to touch leather. The "bearded centre forward," we are told, who first kicked the ball, was forbidden to return to, and thus defile, his home, and had to go and live with relatives.

My great uncle not only made his Brahmin students learn football, he also went directly against local custom by insisting that they learn to swim; he disregarded local conventions by forming them into a fire brigade; he challenged their deepest instincts by making them remove the heaps of festering filth in the Srinagar of 1890 that contributed to regular outbreaks of cholera.

In 1945 the school magazine could report that Biscoe Boys had given assistance to 172 women during the course of that year; had taken 155 diseased animals to the veterinary hospital; had tackled and killed four rampaging mad dogs; had helped 27 widows; had helped put out 16 fires and prevent looting; had been involved in 340 cases of recovering and returning lost property.

I might mention that Biscoe did not in fact "open an English-style school" in Kashmir, as is suggested by Michael Dixon; he went to Srinagar as assistant to the Rev J. H. Knowles of the Church Missionary Society who had founded a school there.

This school eventually took the name of my great uncle, and continues to function to this day. A memorial to "purblind pigheadedness"? Or perhaps to the ideals and commitment to the welfare of his fellow human beings of a remarkable man. Cecil Tyndale-Biscoe was a tough, uncompromising character central to whose life was not the British Empire, but the example and teachings of a Jew, Our Lord Jesus Christ.

Stephen Tyndale-Biscoe,
43, The Drive,
Roundhay, Leeds.

FINANCIAL TIMES

Thursday February 6 1986

Dublin steps in as punt strength proves a weakness

THE awkward position of the Irish currency, the punt, caught between its traditional ties to sterling and its place in the European Monetary System, has been exposed in recent days as never before, writes Hugh Carnegy in Dublin.

So fraught has the situation become that the Irish central bank has found itself in the paradoxical position of having to defend the punt because of its strength against its main trading counterpart, sterling.

Over the past few weeks, the Irish pound has climbed from around £0.85 ($1.18) to £0.91 yesterday as falling oil prices forced down sterling. The scenario might have appeared a happy one, especially as Ireland, an oil importer, benefits from every slide in crude prices.

The result, however, was the biggest run on the punt since Ireland broke with sterling and joined the EMS in 1979. The principal reason is that the markets in Dublin believe strongly that the punt will be devalued in an EMS realignment, widely expected some time after the French general election next month.

There has been a rush, which began in early January and gathered new strength over the past few days, to buy sterling before an anticipated fall in the Irish currency.

Although Ireland's exports to non-UK European Community countries overtook its exports to Britain for the first time last year, 33 per cent of Irish export goods still go across the Irish Sea. More than 40 per cent of overall Irish trade is still with the UK and it is the strength of that tie that maintains the influence of sterling over the punt.

Banks claim that companies of all sizes, foreign and domestic, were seeking forward positions in sterling. "Every trick in the book" was being played to ensure conformation with exchange-control requirements on documentation of orders and settlements.

The fever has spread to the public, with one bank estimating that some 10 per cent of volume exchanged was accounted for over the counter by people hedging for trips to Northern Ireland.

Interbank rates in Dublin have surged to more than 15 per cent and the central bank has been forced to raise its short-term funds by 3.5 points in response. In turn, commercial bank rates have risen 2 points.

Speculation remains unabated, however, and on Tuesday the central bank took its strongest action yet, imposing a 3-point rise in bank lending rates to business to try to curb borrowing for exchange deals.

It has also moved to limit the amount of sterling the banks can raise through exchange swaps with the central bank.

In addition, government and central bank officials have begun to say out loud that talk of a punt devaluation is unwarranted.

The message is that with inflation at around 5 per cent, a trade surplus and a good international credit rating for Ireland, the Government wants to maintain the existing parity of the punt.

BfG may seek stock market quotation

By Rupert Cornwell in Bonn

BANK für Gemeinwirtschaft (BfG), the bank owned by the West German trade union movement, is studying the possibility of a future stock-market flotation to broaden its capital base.

But Mr Thomas Wegscheider, BfG's chief executive, was at pains to emphasise yesterday that no immediate need existed for such a move – nor was there any pressure arising from the financial problems of Neue Heimat, the union-owned property group.

There has been speculation recently that the union movement intended to mobilise funds to help bail out Neue Heimat by selling off part of the bank. The troubled property concern currently has some DM 18bn ($7.5bn) of debt, including around DM 1.7bn of short-term borrowings, on which a moratorium is due to expire at the end of 1986.

Mr Wegscheider admitted that his bank inevitably had close relations with Neue Heimat. But he said BfG was far from being the largest creditor of the property concern, and he refused to speculate on its future – under discussion yesterday at a meeting in Bonn chaired by Mr Oscar Schneider, the West German Housing Minister.

BfG itself enjoyed a "satisfactory" 1985, and for the first time for three years will be paying a dividend to its parent, BGAG, the holding company of the German trade union federation. But Mr Wegscheider would give no profit figure to compare with the DM 130m earned in 1984. The bank's total balance sheet climbed 2.1 per cent last year to DM 64bn.

A bourse flotation might take the form either of an issue of shares to expand its existing DM 1bn capital, or of *Genussscheine* or profit-sharing certificates.

Mexico admits to higher foreign borrowing need

BY ALEXANDER NICOLL IN LONDON

MEXICO has acknowledged that the current fall in oil prices will substantially increase its financing needs this year but refrained at a preliminary meeting with leading creditor banks from making a specific request for new loans.

In a telex to all creditor banks after Tuesday's meeting in New York, Mr Angel Gurria, Director General of Public Credit, said: "The Government envisages a reduction in its revenues from oil exports which would significantly alter the outlook for the balance of payments and the fiscal deficit for 1986."

Mexico had projected a $4bn external financing need for this year, including $2.5bn from commercial banks, based on oil export revenues of $12.3bn. Mr Jesus Silva Herzog, Finance Minister, said last week that the oil price fall would cost $3bn in lost revenues.

Although Mexican oil prices were cut by $4 a barrel at the weekend, they are still above prevailing market levels, and a further cut cannot be ruled out at the end of February, bankers say. Mr Gurria's telex noted that the oil market was "extremely volatile."

Bankers say that, if Mexico's previous financing forecasts were accepted, the fall in oil prices could raise Mexico's stated borrowing requirement to between $8bn and $9bn.

In fact, bankers had felt Mexico's projections over-stated its actual funding needs and had been ready to resist demands for additional loans. They believe, however, that *the deterioration in the country's finances* has thrown into question the methods with which the problem will be tackled. "The issue is not the amount that they need, but how it will be handled," said one banker yesterday.

Banks expect governments to play a greater role in solving Mexico's difficulties. But it was understood that at Tuesday's meeting the issue was not formally discussed because no loan request was put.

Mr Gurria told the banks that Mexico, which drew $300m in January from a disaster relief facility set up by the International Monetary Fund, "has been making progress in its efforts to obtain the support of the IMF and World Bank for its 1986 programme."

Mexican officials agreed to meet the 13-bank advisory committee of major creditors in the near future. *The country is due to pay $10bn in* interest payments on its $97bn foreign debt this year, as well as $1.2bn in principal repayments.

Editorial comment, Page 18

US bank 'loses $23m to trickster'

By William Hall in New York

FIRST CHICAGO, the big US banking group which has been more accident prone than many of its competitors, appears to be $23m poorer after having been caught out by one of the oldest banking tricks around.

The bank is maintaining an embarrassed silence about the whole affair, but it appears that a Jordanian customer deposited a large amount of money at the Chicago bank before Christmas and shortly afterwards withdrew it before First Chicago had time to clear the cheques. When First Chicago presented the cheques for payment at another bank, they were "bounced" – which is a banker's way of saying there was not enough money in the account to cover the cheque.

The net result is that instead of having a sizeable Middle Eastern deposit on its books, First Chicago is now nursing a sizeable Middle Eastern overdraft. The bank, which has had more than its share of bad publicity over the last couple of years, has notified bank regulators and the FBI and says that it is considering taking legal action.

All it is prepared to say is that it has "identified a problem involving overdrafts against a Jordanian customer's account." The "overdraft" has been included in the bank's non-performing loans but beyond that, First Chicago is saying little.

While the sums of money involved are not going to break the Chicago bank, the affair raises some embarrassing questions about the adequacy of First Chicago's management controls. First Chicago upset Wall Street in late 1984 by announcing a third-quarter loss after some surprisingly high loan losses and last summer it announced that it was writing off $55m on its investment in a little-known Brazilian bank.

Du Pont 'ready to negotiate deal' with Akzo on patent dispute

BY ANTHONY MORETON, TEXTILES CORESPONDENT, IN LONDON

DU PONT yesterday accused the European Commission of escalating a patent dispute between itself and the Dutch fibre concern Akzo into an international political and trade issue.

The US chemicals group offered an olive branch, however, saying it was "ready to negotiate a reasonable settlement between the two companies."

The dispute centres on production and export of a high-value aramid fibre produced by Du Pont in the US under the name Kevlar and an aramid fibre produced by Enka, West German operating arm *of the Dutch company, under the* trade name Twaron.

Du Pont took its claim that Akzo had infringed patents to the US International Trade Commission last year and the ITC recommended that Akzo's fibre should be banned from entering the US.

That led to Mr Ruud Lubbers, Dutch Prime Minister, writing personally to President Ronald Reagan, although the US President subsequently upheld the ITC's decision.

At the heart of the battle is vast spending to develop the fibres and an enormous potential for the new fibres in the lucrative defence industries. Du Pont has spent more than $600m developing Kevlar. It has been estimated that defence spending alone on goods containing aramid fibres, such as flak jackets *or aircraft parts, might reach $3bn.* There are also applications in ropes, tyres, gaskets and brake linings.

Mr Siegfried Wittauer, a director of Du Pont Europe, said yesterday at the company's Geneva headquarters that the decision of the European Commission to investigate the ITC ban was based on "an incomplete understanding of the issues involved."

Du Pont had no alternative, he said, "other than to seek relief in the ITC from Akzo's infringing our patent since the ITC is the only body with jurisdiction in cases involving products made outside the US by a process covered by a US patent."

Akzo had never denied infringing Du Pont patents, Mr Wittauer claimed, but was now complaining that the US company had improperly petitioned the ITC.

Enka results, Page 21

THE LEX COLUMN

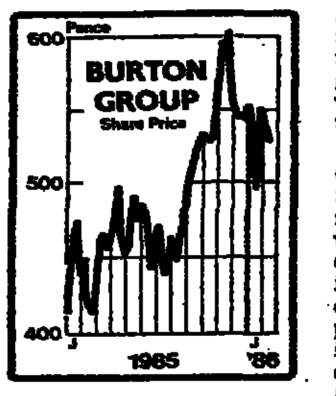
Designer bonds for Burton

Whoever took over Debenhams last summer was always going to be faced with some mid-winter thoughts about the shape of the post-acquisition balance sheet. Had the buyer been Debenhams' former management, almost all the equity would have been transformed into debt at the outset. Even for the lucky winner, Burton – which started with plenty of equity in hand and minimal gearing – the end of the January sales has inevitably led to a bout of financial restructuring.

Having sworn on a copy of the latest "Principles" catalogue that it would not need a rights issue, Burton has been forced to employ more ingenious methods than a direct assault on its existing equity base – *already increased by over 50 per* cent when the shares were the *dernier cri* last year. Instead, it has taken its cue from the changing shape of the London capital markets and gone for a complex package comprising a Eurodollar bond issue, a currency swap and a sale of equity warrants. On a favourable construction, this could be represented as the raising of £72m at an effective interest rate of a mere 7½ per cent.

Even with the cash-producing Christmas period behind it, Burton had short-term borrowings of £200m and longer-term debt of £50m supported by equity of around £370m. Although interest cover was never going to be a problem, gearing of 70 per cent was not a credible base from which to start on the ambitious property improvement games that were the investment justification for taking on the Debenhams portfolio. To take an immediate £70m out of debt and add £14m to equity – in the shape of a front-end premium on the warrants – makes the ratios instantly more acceptable; it also gives Burton more flexibility of timing when it comes to selling off the more disposable Debenhams assets.

As happened with the wholesale cashing in of directors' stock options after the Burton annual meeting, the equity market showed itself less than impressed with the undertone of Burton's tactics yesterday. Although exercise of the warrants at 544p would bring in another £72m, and nevertheless add under 5 per cent to the issued capital, a saturated equity market has become acutely sensitive to the drip of the Burton tap. The shares, which had touched 625p before the stores sector shakeout last November, dropped a further 18p to close at 527p yesterday. If the bond issue



was able to trade at a premium, the stock market was quick to conclude *that the equity should go to a discount.*

Templeton

Templeton may not be exactly a household name, but within the North American fund management industry it is almost a legend. Mr John Templeton, who has been spreading the message of global investment across the US and Canada for 40 years, is now bringing the word to London with the offer for sale of his fund management group, Templeton Galbraith & Hansberger.

Yesterday's pathfinder prospectus confirmed that Templeton has indeed been a canny investor, comfortably outperforming the Dow Jones industrial average on any long-term measure of performance. It is the consistency of that performance which Cazenove – Templeton has dispensed with the services of a merchant bank – will point to in support of an earnings multiple which looks certain to be demanding.

The £300m price tag which has been bandied around would, at current exchange rates, value the business at more than 17 times estimated 1985 earnings. While that is not stratospheric for a fund management business on either side of the Atlantic, prospective shareholders are not going to be opening cheque books just yet. Using an alternative valuation basis, market worth as a proportion of funds under management, Templeton looks expensive at around 8 per cent. Moreover, the high front-end loading in the group's mutual funds has the effect of pushing up profits in years of high unit sales. Last year's growth in net assets was exceptionally strong – as was the growth in profits – but the Templeton funds have not been startling performers over the past two years, so there is no guarantee that the front-end fees will carry on clocking up at the historic rate.

Those fees admittedly account for only a third of operating profit, with management fees making up the rest, but a sharp fall in new sales would still have a substantial effect on group earnings. And, even allowing for the high quality of historic earnings, the very fact that Templeton makes money overwhelmingly in dollars and will pay dividends in sterling must introduce an added element of foreign exchange uncertainty. Mr Templeton is now 73-years-old and, while as fit as a fiddle, cannot carry on for ever. His colleagues are no doubt imbued with the Templeton investment theory, but there must be some doubt about whether so individual a style will transfer well to his successors. This is a valuable and successful business, but Cazenove would be well advised not to push the point too far.

Wellcome

After a period of some uncertainty – made worse by the deplorable tendency of some of its senior US executives to quit – the flotation of the Wellcome Foundation looks set to go through the market like a dose of salts. Announcements of a grey-market premium of 20p or more in yesterday's newspapers (even if for a wholly imaginary share called the Wellcome Trust) can only produce a few more passengers for a bandwagon that has been gaining ballast for a fortnight.

The pressure on sterling has saved the day. The other pure dollar and pharmaceuticals play, Glaxo, has advanced so far that, at just under £9, the share trades at a multiple of over 18 for 1986 and perhaps 16 for 1987. This leaves the equivalent multiples for Wellcome of 17 and 14 looking a shade on the cheap side at the offer price, especially as Wellcome's underlying earnings are likely to grow slightly faster than Glaxo's in the medium term. Since Wellcome is rightly being marketed as an institutional *core holding,* small investors are most unlikely to receive special favour; but with a premium of as much as 20 per cent in the offing (provided there is no appreciation in sterling) the game is worth the candle.

EEC exceeds agriculture budget

Continued from Page 1

stocks, costing some Ecu 3bn over three years, and finance the Ecu 750m estimated cost of the falling dollar on EEC export subsidies.

He would be asking the member states for a supplementary budget limited to the extra Ecu 750m, provided there was "a big effort to control the markets." Hopes of staying within the guidelines of budgetary discipline in 1987 depended on the member states giving the go-ahead to the programme of destocking in 1986.

Mr Andriessen said the sales of the surpluses would not start a trade war because the Community would choose its markets with care. "We will look for markets where that effect will not take place," he said.

Apart from the special measures for cereals, the package also repeats the Commission's plans to phase out intervention for beef. But it is notable for its failure to suggest any real reforms for the wine sector, which is also in hefty surplus.

Ottawa defends C$ with Eurobond issue

BY BERNARD SIMON IN TORONTO

THE CANADIAN Government took firm action on a number of fronts yesterday to defend the Canadian dollar, after allowing it to sink to record lows this week.

A series of measures, several of which caught financial markets by surprise, lifted the dollar by more than 1.5 US cents to a day's high of 70.52 US cents. The Canadian currency, which has lost 4 cents since last August, reached a record low of 69.01 US cents earlier in the day.

The authorities indicated their resolve to boost the value of the dollar by rushing into the international capital market yesterday with a US$750m Eurobond issue. The size of the offering was raised late in the day to US$1bn.

Earlier, the Finance Ministry disclosed that it drew US$800m from Canada's credit lines with international banks during January to defend the dollar.

According to foreign-exchange dealers in Toronto, the Bank of Canada intervened for the first time yesterday through an international foreign-exchange broker. The central bank has traditionally conducted its operations through the Canadian Bankers Association's foreign-exchange brokerage service. It began dealing directly with local banks towards the end of last year.

A foreign-currency specialist at Royal Bank of Canada said the new method of intervention appeared to indicate that the central bank was looking for more effective ways of influencing the dollar's exchange rate.

In an apparent effort to discourage further speculation against the dollar, the Government also began selling large amounts of Treasury bills yesterday, driving up short-term domestic interest rates. The three-month TB rate rose to 11.1 per cent.

UK minister cautious on Ford-BL sale talks

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

THE BRITISH Government is taking a cautious view of the possible takeover by Ford of Austin Rover, the volume-car subsidiary of the state-owned BL motor vehicle group.

Senior government ministers have expressed doubts about such a sale, and the talks have been strongly criticised by opposition parties and by a number of back-bench MPs in the ruling Conservative Party.

Roughly a dozen Conservative MPs, mainly representing constituencies with BL plants in England's West Midlands, abstained last night at the end of a short debate in the House of Commons.

The rebels included Mr Edward Heath, the former Conservative Prime Minister, who said that he would resist "in every way possible the proposal to sell out the remainder of the British motor industry to the US."

Mr Paul Channon, the Trade and Industry Secretary, drew a distinction between the talks with General Motors over BLs commercial vehicle and Land Rover subsidiaries, which were, he said, at "an advanced stage," and the discussions with Ford over Austin Rover, which he repeatedly emphasised were at "a very early and preliminary" stage.

The distinction reflects the differences within the Cabinet and among Conservative MPs in their attitude towards the two deals.

There is general support for the GM purchase but there are considerable reservations about the Austin Rover deal. The latter possibility has not been discussed by the Cabinet so far. A number of senior ministers have made known their opposition to a sale to Ford, not least because of the political impact, while other ministers are sceptical about such a deal

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	R	9	48	Edinburgh	F	3	37	Manila	C	29	84	Rio de J'o	C	29	84
Algiers	C	7	45	Faro	S	13	55	Melbourne	F	24	75	Rome	C	9	48
Amsterdam	S	-2	28	Florence	F	7	45	Mexico City	S	22	72	Salzburg	S	1	34
Athens	C	6	43	Frankfurt	S	-1	30	Miami	S	24	75	San Francisco	C	17	63
Bahrain	S	19	66	Funchal	C	14	57	Milan	F	2	36	Seoul	S	-5	23
Bangkok	S	32	90	Geneva	C	-1	30	Montreal	C	-10	14	Singapore	C	29	84
Barcelona	S	9	48	Gibraltar	S	12	54	Moscow	Sn	-11	12	Stockholm	C	-8	18
Beirut	R	13	55	Glasgow	S	4	39	Munich	S	-2	28	Strasbourg	C	-1	30
Belfast	C	2	36	Guernsey	Sn	2	36	Nairobi	F	28	82	Sydney	F	27	81
Belgrade	C	-4	25	Helsinki	S	-10	14	Naples	F	10	50	Taipei	R	18	64
Berlin	S	-5	23	H. Kong	R	14	57	Nassau	S	26	79	Tangier	—	—	—
Biarritz	C	7	45	Innsbruck	S	1	34	New Delhi	S	18	64	Tel Aviv	C	16	61
Bombay	S	29	84	Inverness	F	3	37	New York	C	2	36	Tenerife	C	17	63
Bordeaux	F	4	39	Islamabad	S	21	70	Nice	R	6	43	Tokyo	S	7	45
Brussels	S	-3	27	Istanbul	C	4	39	Nicosia	R	18	64	Toronto	—	—	—
Budapest	S	-5	23	Jakarta	R	31	88	Oporto	F	8	46	Tunis	F	16	61
B. Aires	S	31	88	Jersey	C	2	36	Oslo	S	-8	18	Valencia	S	12	54
Cairo	S	19	66	Jo'burg	F	24	75	Paris	C	-1	30	Venice	C	1	34
Cape Town	S	28	82	Lima	S	27	81	Peking	S	-2	28	Vienna	S	-5	23
Caracas	—	—	—	Lisbon	R	9	48	Prague	S	-3	27	Warsaw	S	-7	19
Casablanca	—	—	—	London	F	3	37	Reykjavik	F	4	39	Washington	—	—	—
Chicago	C	3	37	Los Angeles	C	25	77	Rhodes	F	13	55	Zurich	C	-2	28
Cologne	C	-1	30	Luxembourg	Sn	-3	27								
Copenhagen	C	-1	30	Madrid	Fg	1	34								
Corfu	F	10	50	Majorca	C	9	48								
Dallas	—	—	—	Malaga	S	14	57								
Dublin	S	3	37	Malta	S	14	57								
Dubrovnik	R	6	43	Manchester	Sn	1	34								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair H-Hail Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

US budget plan faces tough fight

Continued from Page 1

sury Secretary James Baker stressed that this would only be considered in the context of the revenue neutral tax reform plan the President is pushing for – and not as part of any scheme aimed at raising tax revenues to reduce the budget deficit.

The President's defence spending proposals call for national security programmes – which are scheduled to fall from $287bn in 1985 to $278bn this year – to start rising again.

In 1987 the President proposes spending $311.6bn on defence, with an increase to $395.5bn by 1991. The biggest single weapons programme would be the Star Wars strategic defence initiative.

Major savings proposed by Mr Reagan to escape what he described on Tuesday night as "the spider's web of dependency" on public welfare amount to more than $100bn of social service reforms between 1987 and 1991. The federally funded medical programme for the old and disabled, Medicare, would bear the brunt of the cut, with spending reductions estimated at just over $50bn over this period.

In his budget plan, Mr Reagan projects that, even if none of his proposals are implemented, the budget deficit is already on a declining path. This reflects in part optimistic economic assumptions, continuing real annual growth at close to 4 per cent up to 1991 and declining interest rates.

Mr Baker, commenting on the *economic outlook yesterday,* gave an upbeat assessment implying the Administration was hopeful that growth this year will exceed the 4 per cent expansion assumed.

Budget experts on Capitol Hill have been anxiously scanning Mr Reagan's State of the Union message and the comments of his top officials for signs that the President will follow his past political form and discreetly signal a willingness to compromise.

The high state of anxiety about the budget process this year reflects not only the forthcoming elections but also the fact that the budget debate is taking place against the background of the new and untested Gramm-Rudman-Hollings *deficit reduction law.*

JOBS COLUMN

The rise and risks of consultants' takeaways

BY MICHAEL DIXON

MORE and more people employed in the specialist offices of organisations are evidently listening more and more apprehensively for a footfall in the corridors outside. It signals the approach of some well heeled external consultant, come to take over yet another chunk of work that was formerly done in-house.

Organisations of pretty well every kind now appear to be joining the move to hive off other-than-mainstream activities to self-standing consultants. And since different companies have different ideas about what constitutes a mainstream activity, few if any types of internal specialists can feel secure against increasing encroachment.

The trend may of course seem sensible and much overdue to accountants who have long regarded themselves as the only indispensable animate element of any business. But even they are not exempt. Christopher Voss, Warwick University's Professor of Manufacturing Policy, tells me he knows of a thriving new high-technology outfit which has nothing but engineers and a secretary on its payroll. All other forms of expertise are bought in as and when needed from outside.

Although most specialisms are being affected, personnel work is the one where the consultants' takeaway has been best documented to date. Take for instance the recent study by Derek Torrington and Lesley Mackay of the University of Manchester Institute of Science and Technology, which is reported in this month's Personnel Management magazine.

The study, supported by the Leverhulme Trust and the Institute of Personnel Management, included a questionnaire survey of 350 organisations in Britain and follow-up interviews with 62 specialists in the field, mostly of high rank.

The researchers' conclusion is that "the use of consultants is substantial and increasing." What is more, the activities they are largely annexing are not the odds and ends of company personnel work but tasks generally regarded as constituting its central core such as training as well as recruitment and selection, management development and the like.

Not all of the internal staff affected were worried by the trend. Indeed it was positively welcomed by a majority of the 62 people interviewed.

The trouble was that the enthusiastic interviewees were mostly at or very near director's rank and so presumably no longer in close touch with the detailed concerns of their specialist underlings. They were "undoubtedly managers first and personnel practitioners second. They were tending to withdraw from being identified as personnel professionals and seeking a closer identification with general management."

At the nittier grittier levels below, the attitude to consultants was distinctly chillier. One fairly typical comment was: "They can take over your role. They can come into the company and make contact with your MD, . and you can lose control if you're not careful."

Despite the subordinate misgivings, however, the researchers expect the trend to continue with the result that consultants will increasingly take away not only the more deeply specialised aspects of the work, but also the personnel practitioners' in-company career ladder. Internally the function will typically be headed by generalist line managers pitched into personnel at best as a staging post on their upward journey.

"They may have a deep and full appreciation of line management problems, but any claim to special competence will be hard to sustain."

Consequently Mr Torrington and Ms Mackay also have qualms about the danger of the subcontracting fashion to the ultimate health of the organisations following it. The Jobs Column shares their view.

I have little doubt that most kinds of internal specialist departments have tended to become overgrown and self-interested in maintaining the *status quo*, frustrating the changes clearly seen as needed from the broad and sweeping viewpoint of senior general management. But I equally feel that, at least as often as not, the broad and sweeping view entirely overlooks obstacles that stand out like mountains to the specialists below.

In such cases it is very much in the internal specialists' interest to risk incurring high-ranking wrath by opposing the change proposed. For although they are rarely given the credit if a scheme dreamed up by their seniors proves successful they are almost sure to be saddled with the blame if it flops.

The same would not seem to apply so much to external consultants. For one thing, however great their grasp of broad management theory, they can scarcely have the inside specialist's detailed knowledge of the special features of the organisation which will prevent the theory from working.

For another, while I have much respect for a good many consultancies, not all of them are concerned to look deeply into what needs doing in a company and then find out a way to do it.

Some are content merely to find plausible evidence that the company's problem is one they already know how to solve. Their approach resembles that of the 19th-century makers of "Negro Caesar's Cure for Poison" which was guaranteed to work in every case except where the patient had not been poisoned in the first place, or was suffering from "some such poison as Caesar's antidote will not remedy."

Travel costs

NOW to some figures which globe-trotting readers will find either welcome or the opposite, depending on whether the overseas travel expenses they are allowed currently undershoot or overshoot the reality. Produced by Employment Conditions Abroad, the figures show in sterling the daily expense rates for business visitors to 15 different international centres.

Most costly is Port of Spain, Trinidad, where ECA puts the total daily rate including a hotel room at £170.50. The corresponding rates for the other 14 places are:

New York £167, Baghdad £166.50, Lagos £165, Stockholm £131, London £117, Paris £108.50, Copenhagen £105.50, Peking £102.50, Frankfurt £85, Sydney £84, Rotterdam £77, Johannesburg £50, Lisbon £47, and Casablanca £46.

Besides the costs of a three- or four-star hotel, the rates take into account a Continental breakfast, lunch and dinner, together with drinks both alcoholic and soft, laundry, in-town taxi journeys and incidental but surely essential costs such as a daily Financial Times and perhaps even an air letter home.

Anyone wishing for more detailed comparisons should contact Sue Winterbottom of ECA at Anchor House, 15, Britten St, London SW3 3TY; telephone 01-351 7151.

Two to Tokyo

RECRUITER Stephen Andrews of Arlington Consultants (157-160, Piccadilly, London W1V 0NQ; tel 01-493 7303) has come up with an unusual pair of securities-market jobs which will probably be of most interest to expatriate Japanese financial experts tiring of working abroad.

Both posts are in Tokyo with the US-owned Bridge Data Company and require thorough knowledge of Japanese culture besides familiarity with the London securities market and English-speaking skills.

The first is for a sales and marketing manager with success in business-getting and leadership ability. The other is a more analytically orientated post for a sales support manager.

Salary range for both is US$50,000 to 70,000.

New Issues

Corporate Finance

To £30,000 + Bonus + Benefits

The London based merchant banking subsidiary of a US money centre bank is currently expanding its marketing and execution teams. This has created opportunities for experienced individuals with sound technical knowledge to join a professional bank with a strong presence and growing reputation in the international capital markets.

Candidates aged in their late 20's/early 30's will presently be working for a noted institution with a strong market position. A practical knowledge of Eurobonds, note facilities, swaps and private placements is essential and fluency in a foreign language would be a distinct advantage.

Applicants who are keen to further their career in this challenging environment should contact Christopher Smith or Jonathan Williams on 01-404 5751 or write to them, enclosing a comprehensive curriculum vitae, at 39-41 Parker Street, London WC2B 5LH, quoting reference 3598.

MP
Michael Page City
International Recruitment Consultants
London Brussels New York Sydney
A member of the Addison Page PLC group

BADENOCH & CLARK

CORPORATE FINANCE

£17,500–£40,000 + SUBSTANTIAL BENEFITS

We are acting on behalf of a number of clients who include some of the City's most successful Merchant Banks and Stockbrokers. As a result of continuing expansion and development of their corporate services, they seek additional staff at Executive, Manager or Assistant Director levels to join their Corporate Finance departments.

At Executive level, we welcome applications from Solicitors or Chartered Accountants, aged up to 32, who are keen to make a career move. Experience of corporate finance related matters from a practice standpoint, while an obvious advantage, is not essential but candidates will be expected to demonstrate an appreciation of the nature of the work involved.

For the Managerial and Assistant Director positions, experience within a financial institution of mergers/acquisitions and/or new issues work is essential.

To discuss these opportunities further in complete confidence, please contact **Robert Digby** or **Judith Farmer.**

DOLLAR STRAIGHTS SALES

c.£50,000 + Bonus + Car

Our client, the merchant banking arm of an international banking group, has a requirement for a talented Bond Sales Executive with at least twelve months experience in $ straights. This position, on an active sales desk, offers a premium salary and benefits package to an ambitious individual keen to expand his institutional client base in the U.K. and Europe.

Please contact **Stuart Clifford, Christopher Lawless** or **Jane Wilson.**

Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU
Telephone 01-583 0073

EURONOTE SALES BARCLAYS NOTES TEAM

Salary £20,000 - £30,000 + Excellent Benefits

The growing involvement of the Barclays Notes Team in a broad range of Euromarket activities and its recent successes in this field necessitate the expansion and strengthening of its Sales Team.

The ideal candidates will have had not less than twelve months experience in an established Sales Team dealing with a variety of Euromarket instruments, preferably including Euronotes, but other relevant experience will be considered. Applicants must be able to demonstrate proven sales and marketing capability and the potential and determination to succeed in a competitive, challenging environment.

A negotiable salary package, dependent upon ability and experience, will be designed to attract candidates of the highest calibre and will reflect the bank's commitment to further establishing themselves in this area.

Applications in strict confidence enclosing curriculum vitae to
Neil Harland,
Barclays Merchant Bank Limited,
Ebbgate House, 2 Swan Lane,
London, EC4R 3TS.

BARCLAYS

Philadelphia National Limited

A WHOLLY OWNED SUBSIDIARY OF THE PHILADELPHIA NATIONAL BANK, U.S.A.

Eurobonds — Head of Trading

We are seeking a senior Eurobond trader to head up our EUROBOND TRADING TEAM. The successful applicant will have extensive experience and will be expected to provide a substantial contribution to the organisation as a whole. Particular emphasis is placed on assisting our active sales desk. The position envisaged is at the Associate Director or, for an outstanding applicant, Executive Director level in this newly-established merchant banking subsitdiary of The Philadelphia National Bank.

Eurobond Traders

Required are quality EUROBOND TRADERS with strong potential, who ideally should be aged 24 to 30 with a minimum of two years' experience. We are seeking enthusiastic team members to augment our established activities with particular emphasis on assisting the sales desk.

Eurobond & FRN Sales

We are expanding our energetic SECURITIES SALES TEAM. We require experienced Sales staff to cover FRN and Fixed Rates Instruments.

Remuneration packages will reflect the importance attached to these key roles in our new merchant banking venture. The positions require close interaction with all of the CoreStates Group.

In the first instance please contact:

Tony Gonzalez or David Hill at Philadelphia National Limited
Philadelphia National House
3 Gracechurch Street, London EC3V 0AD
Telephone: 01-623 5330

Institutional Sales – German Market Age 28+

Our client, a major German bank, will shortly appoint a senior sales person in London to lead a team to market German equities and bonds to UK institutions. His/her responsibilities will include:

* Establishing a good working relationship with UK institutional clients.
* Liaising with Head Office in Germany.
* Leading and motivating a team of three to four people covering the equity and bond market.

The ideal candidare will probably be a German speaker with at least three years' experience of the German/European securities market. A substantial salary will be negotiated but it is unlikely to be a problem for the right candidate.

Please apply to Jock Coutts, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG, tel: 01-242 5775 or Tony Jones on 348 3641 between 7.30 and 9.30 pm.

Career plan LIMITED
Personnel Consultants

KLEINWORT BENSON INVESTMENT MANAGEMENT

Portfolio Manager

European Markets Aged 24-28

On behalf of our client Kleinwort Benson Investment Management Limited, we are seeking to recruit an European Specialist with around 2-3 years' experience of research/portfolio management covering the major European countries. This represents an additional appointment to the existing team which is being strengthened in reaction to the growing importance of investment in this area. The successful candidate will manage his/her own specialist portfolios as well as give in-house advice to other managers – pension fund, investment trust, unit trust and private client. A certain amount of foreign travel is envisaged.

Aged 24-28, probably a graduate, applicants will have gained their experience in a Merchant Bank, Unit Trust Group or Major Stockbroker, maybe having developed from UK equities into the European Markets. Ability in one or more European languages would be an advantage.

This post represents a major opportunity, particularly in the context of the important changes within the Group which are planned for this year, and which will widen still further the scope of the work involved. A generous salary/benefits package is offered.

Please write, enclosing a CV, to: E. St. V. Troubridge, Kynaston International, 17-19 Maddox Street, London W1R 0EY. Tel: 01-629 3727.

KYNASTON INTERNATIONAL

INTERNATIONAL BANKING

CORPORATE MARKETING £16,000 - £26,000

A number of opportunities currently exist for top-quality lending/marketing bankers, principally in the broad U.K. Corporate sector but also in the more specialist spheres of Capital Markets, Syndications, Financial Institutions.

Each demands a strong academic background and successful relevant experience (at a level appropriate to an age range 25/35). *In return,* they all extend ample scope and challenge to those with genuine growth potential.

CREDIT ANALYSIS £15,000 - £20,000

On behalf of a cross-section of merchant and international banks, we seek credit analysts with a sound education (ideally a degree) and well-developed "technical" skills and experience. Some appointments embrace projected marketing involvement whereas others will be of appeal to those whose interests and aptitudes lie more in credit management.

ACCOUNTANT (Qual'd/Exp'd) £15,000 - £20,000

Financial Control, M'ment. Accounting. Audit. Corporate Finance; these are the areas in which possibilities occur for young accountants who can present a qualification and/or solid relevant experience.

Please telephone John Chiverton, Ann Costello or Mike Ayres

JOHN CHIVERTON ASSOCIATES LTD.
86, Cannon Street
London E.C.4.
01-623 3861

INSTITUTIONAL SALES REPRESENTATIVE

Oppenheimer & Co., US stockbrokers, has openings for UK and Continental (Swiss, German and Dutch) sales representatives in their London office to service institutional investors. The successful applicants should ideally have 3-5 years experience in either portfolio management or institutional sales, not necessarily with another US broker. We offer a creative compensation package and a stimulating working environment.

Replies to either

Mr N. K. Siegel or Mr D. B. Ziff
on 01-236 6578

Director of Investor Relations

International Consultancy
Central London
Salary Negotiable

Our client is a member of an international advertising, marketing and public relations consultancy group with an enviable growth record. The company is a leader in the field of international *investor relations consultancy and wishes to appoint* a Director to manage and develop its business in this growth area.

Responsibilities will encompass the management of a high-level team of IR consultants working for major UK and overseas companies, direct personal control of selected major clients, business development, budgeting and control systems, the development of new services and personnel recruitment and development.

The successful candidate will be educated to degree level at least, will have several years experience in investor relations consultancy or, alternatively, in investment banking, institutional investment or investment analysis and will have a good understanding of the financial communications business and a wide range of contacts in the financial *community.*

This appointment is being made at a senior level and this will be reflected in the remuneration package which is negotiable and will include a company car and participation in the company's profit sharing scheme.

Please apply in confidence, giving comprehensive career, salary and personal details and quoting Ref. ER835 to Brendan Keelan, Executive Selection.

Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

Arthur Young Executive Selection
A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Sales/Marketing Manager (Designate)

ESD

OTE £30,000+

An expanding and very profitable company which is responsible for the data price-reporting system and market premises management of a number of London Commodity Markets requires a Sales/Marketing Manager (Designate). The primary task will be to spearhead the sales of a system which is some two years ahead of its rivals. This is a new post which requires the incumbent not only to sell face to face but to create and implement the marketing plan.

The successful candidate is likely to be 27-35 years old and must have a track record in selling information systems or in similar sectors. A good working knowledge of London City markets preferably in commodities/futures will be essential plus the potential to grow into a post with ever increasing responsibilities. Degree level education with a management/marketing bias together with a knowledge of French would be desirable. For this post an extremely competitive benefits package will be created.

To apply please write quoting ref. EC.408 to the Managing Director, Executive Selection Division, 18 Grosvenor Street, London W1X 9FD.

ESD is the Executive Selection Division of EAL

CORPORATE FINANCE

City **c£50,000 + bens.**

Publicly Quoted Financial Services Group

Our Client is a highly successful, growth-orientated financial institution represented in the world's major financial centres, with subsidiaries active in money and security markets, asset-based financing, fund management, lease broking and information technology.

Current plans are focused upon the development of its corporate finance and merchant banking activities in line with the Group's overall growth and diversification.

Two senior appointments are to be made calling for detailed experience of traditional corporate finance activity embracing acquisitions, venture capital, management buy-outs and capital reconstructions. Ideal candidates, numerate self-starters in their 30's and professionally qualified, may have gained this experience in the City with a merchant bank or a professional firm, or possibly within the finance and planning department of a major industrial company – some knowledge of taxation and tax planning is regarded as important.

Both appointments will appeal to those currently at least at Assistant Director status or its equivalent who possess drive, imagination and a willingness to accept increasing levels of responsibility. The opportunities in terms of compensation and personal development are limitless with this expanding organisation of substance.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside · London EC2 · Telephone 01-248 3812 3 4 5

Management Consultants · Executive Search

Financial Planning & Control

c£30,000 + Car & Banking Benefits

This is a key role at the centre of a leading financial services group, managing a small professional team concerned with the performance and dynamics of the group and its individual businesses.

The team is involved in setting financial objectives appropriate to the various businesses; participating in projects of strategic importance; reviewing major capital expenditures; controlling and preparing financial plans and budgets for the group; reviewing the financial plans of the individual businesses; and monitoring and reporting to Group management and Board on actual performance at a group and an individual business level.

Applicants should be accountants, MBA's or graduates, and should be able to communicate effectively at top management level. Substantial experience of financial evaluation and control within a major organisation is required, ideally in the services sector and possibly through consultancy.

The position is located in the City. The benefits package is in line with the best financial sector practice and includes mortgage assistance.

Please apply in confidence quoting ref: L217 to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 01-240 7805

Mason & Nurse
Selection & Search

Country Representative

A major US commercial bank, we are now looking for a decisive, highly motivated young banking professional to assume responsibility for sovereign and corporate lending in Holland and Belgium and for a number of UK multinationals.

Based in the City and involving considerable travel, this role demands strong marketing ability as well as credit analysis skills. Your responsibilities will include recommending exposure limits, developing business plans and new services, and building relationships with existing and potential customers.

After successfully completing an established training programme at a US bank, you will have gained at least 5 years' experience in a similar role - experience which will have perfected your banking and communication skills.

Excellent promotional prospects support a highly attractive rewards package.

Please write with a full CV to John Watkinson, Assistant Vice President - Personnel, Bank of Boston, 5 Cheapside, London EC2P 2DE.

1784

BANK OF BOSTON

APPOINTMENTS ADVERTISING appears every THURSDAY

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-638 9216

Opportunity to move into Euro-securities markets

CJRA SUCCESSFUL TRADERS/DEALERS

with experience and skills adaptable to Euro-securities

CITY £25,000 – £35,000

LEADING US BANK – MERCHANT BANKING ARM

Our client seeks applications from successful traders/dealers in any financial market, who feel that the experience and skills which they have can be effectively adapted, with appropriate guidance and development, to the demanding and lucrative Euro-securities markets. Within a short time, the selected candidate, who will report to the Manager of the Merchant Banking Group, will be expected to head up the trading of various Euro instruments, including notes and Euro CP as well as CD's. The successful applicant, who must be able to relate quickly to new markets, will also need to have the acumen and judgement to make a key contribution to the formulation of dealing policies and strategies. Initial remuneration, including a substantial basic salary plus bonus related to performance, will be in the range £25,000-£35,000 plus an excellent range of banking benefits including subsidised mortgage. Rapid growth in remuneration will result from superior performance.

For this assignment, we are particularly keen to hear from candidates in strict confidence by telephone on: 01-628 5233 or alternatively written applications quoting STD17469/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

Young and rapidly expanding company in highly competitive business environment. Scope to be appointed Assistant Director within 12-18 months

CJRA SENIOR PERSONNEL EXECUTIVE

CITY £23,000–£28,000 + benefits

INVESTMENT BANKING

A leading name in the International Capital Markets

We invite applications from personnel professionals in their late 20's or early 30's with a degree or equivalent and preferably several year's experience in an international banking environment or with a major financial institution. The selected candidate, who will have a genuine interest in and a broad understanding of finance, will report to and work closely with the Personnel Manager. Responsibilities will be widely drawn; recruitment and staffing – including taking charge of the Bank's annual graduate recruitment programme; training and development; also planning and general personnel administration. A knowledge of expatriate assignment and compensation policies will be a distinct advantage. Sound commercial judgement is essential as are leadership qualities, enthusiasm and the ability to generate new ideas creatively. Well developed communication skills and the ability to relate to senior line management are also key factors. Initial base salary is the £23,000–£28,000 range plus generous banking benefits including subsidised mortgage facilities. Applications in strict confidence, with full C.V., under reference SPE17364/FT will be forwarded unopened to our client unless companies to which an application should not be sent are listed in a covering letter marked for the attention of the Security Manager: CJRA.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH.

ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT PLEASE TELEPHONE 01-628 7539.

LEGAL OPPORTUNITIES

City

Save & Prosper is one of Britain's leading companies in the provision of personal financial services. The Group is currently expanding its range of products and in order to cope with this and other important changes within the financial sector, we now have opportunities for the following two legal professionals:-

Corporate Lawyer c£24,000+car

Reporting to the Company Secretary, you will be a Solicitor or Barrister aged between 28-35 with several years commercial experience.

You will be working in an advisory capacity on all aspects of Company law, litigation, City self regulation and data protection. For your own development within the Group, you will also become involved in the legal aspects of product development projects.

Assistant Solicitor c£15,000

Reporting to the Company's Commercial Lawyer, you will be a Solicitor with two years post admittance experience.

You will assist in the legal aspects of all commercial, marketing and development matters, particularly the development of new products.

Whilst an understanding of the law relating to banking, unit trusts, life assurance and pensions would be an advantage, you will need to be adaptable to respond to the challenge of this demanding position.

In addition to the above salaries, we also offer an attractive range of other non-contributory benefits, including pension, BUPA and life assurance.

If you are interested in the above positions, would you please apply in the first instance to Keith Nicholson, Personnel Department, Save & Prosper Group Ltd., 28 Western Road, Romford, Essex RM1 3LB. Tel: (0708) 66966.

SAVE & PROSPER
Growth through understanding

SOUTHWARK HARDWARE SERVICING ENTERPRISES LTD.

This newly-established company is beginning its developmental phase and requires a number of senior staff to start the ball rolling for an innovative and exciting venture.

The company has been set up to accomplish a number of tasks:

1. To provide a servicing point for owners of business and personal microcomputers and peripheral devices.
2. To provide advanced, intensive training in microelectronic servicing techniques for up to 8 adults who have been unemployed for at least 12 months and who will become employees of the company following their training.
3. To establish a new form of organisation which will be part-owned by employees and part-owned by the Council. Southwark Council are providing the initial funding for the enterprise with assistance from the European Social Fund on the training, but it is believed that the enterprise will become self-sufficient within 12-18 months.

It follows that we are looking for staff who will be committed to starting and maintaining a business from scratch and developing it into a profitable concern as our recent studies of the market indicate it should.

Initially we are seeking to appoint:

MANAGER

(Salary: £15,000 pa inc + car)

He/she will be someone who has had 3-5 years managerial experience in a small/medium electronics company or related environment and who would be capable of advertising/marketing the company's services to the best possible advantage. Substantial knowledge of the computer business, computer qualifications ... is required as well as a qualification in the related area. You will be in charge of the budgets/finances of the company and will be required to demonstrate financial ability. Imagination and drive are as important as skills and experience, as is a commitment to positive action for the long-term unemployed.

The company is an equal opportunities employer and applications for the above post are welcomed from everyone regardless of sex, race or disability.

Are you interested?

For details please write for application forms to:

Dave Griffiths
Employment and Training Division
30-32 Peckham Road
London SE5 8QP

or telephone (office hours only)
01-703 6311, ext 2042

Closing date: 27th February 1986.

Appointments Wanted

SALES/MARKETING

Position immediately sought by enthusiastic and committed executive (42) with Japanese connections. Experience of marketing research, publishing, education, European marketing consultancy and recruitment. Widely travelled, highly motivated and works best under pressure. A reliable all-rounder with good inter-personal and presentation skills. Job satisfaction and involvement — vital. Interested?

Please write Box A0039, Financial Times, 10 Cannon Street, London EC4P 4BY or Tel: 0603 622920

Broker Sales Manager

c £25,000 **Excellent benefits**

This opening with a fast growing and successful investment management group offers outstanding prospects. It is backed by a major financial institution and is now seeking to widen its coverage of the professional market.

Your role will be to promote and sell the group's range of unit trusts and life and pension products to insurance brokers, financial advisers and other professional intermediaries and to establish and develop a broker sales network throughout the country, initially from a London base. You will be supported by key executives in the investment fund management and marketing areas and report to the Group Manager and Actuary.

You must have a successful record of selling in this specialist field and good experience of managing people. An extrovert, energetic personality is essential and for the man or woman appointed the potential rewards, which will include a car, subsidised mortgage and substantial performance related bonus, are extremely attractive.

Please telephone or write to John Cameron, quoting ref. CF509, at 11 Gough Square, London EC4A 3DE (telephone 01-583 3911).

Chetwynd Streets
Management Selection Limited

Philadelphia PHLX Stock Exchange

DEPUTY MANAGING DIRECTOR

The Philadelphia Stock Exchange is expanding its European representative office in London, creating the new position of Deputy Managing Director.

The Deputy Director, who will report to the Managing Director, will be responsible for marketing the Exchange's financial products – primarily currency options and ECU options – to European treasury managers, brokers, fund managers, and private clients. The position involves organising and conducting financial seminars, office administration, liaising with Exchange members, and generating new business for the Exchange. There will be some European travel involved.

The ideal candidate will be a mature graduate, aged 25-35, with the following qualifications:

Knowledge of traded or OTC options markets and an understanding of other related markets.

Excellent marketing, organisational, and communications skills (European languages an advantage).

Salary and benefits will be very competitive and structured to match the candidate's qualifications and experience. Please write with full career details, in confidence, to:

Susan A. Steele, Managing Director,
Philadelphia Stock Exchange, Basildon House,
7-11 Moorgate, London, EC2R 6AD

Jonathan Wren

Capital Markets – Origination

£50-£60,000

A number of our clients, both UK Accepting Houses and American Investment Banks, are seeking senior, experienced UK based staff for their Capital Markets Departments. Specific product knowledge and/or specific regional knowledge, particularly Japan, is essential. Positions at Assistant Director/Vice President level are available, for which significant performance related packages will be paid. Candidates with at least four years relevant experience should apply to: Mark Forrester or Bryan Sales.

Marketing Manager

£25,000 Plus benefits

Due to the expansion of their Asset Finance activities, an opportunity exists for an ambitious Leasing Executive to join the UK subsidiary of a major International Bank, with responsibility for the development of a small team of specialists. The successful candidate, aged about 32 years, will possess first class negotiation skills, together with the technical ability to undertake the pricing, structuring and closing of transactions in the £1M-£10M range. Contact Jill Backhouse or Peter Haynes.

Young Merchant Bankers/ACA's

A rapidly expanding International Merchant Bank seeks applications from young Graduate Bankers, in their mid to late 20's, with at least 2 years experience gained within a large US or Merchant Bank. Positions exist in the following areas:-

- Corporate Finance
- Capital Markets
- Asset Finance
- Currency Swaps
- Tax

Applicants, preferably qualified ACA's, will possess excellent inter-personal skills, be ambitious, highly motivated and numerate. Contact Brian Gooch or Jill Backhouse.

All applications will be treated in strict confidence.

SYDNEY **Jonathan Wren** HONG KONG
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

هكذا من الأصل

Securities and Capital Markets

£25,000 to £35,000

Information Technology **Finance**

The pace of change in the securities industry has led to an increasing demand for the services of this leading international management consultancy. Clients range from small independent specialist organisations through to the new financial conglomerates and the exchanges themselves.

The nature of the work is concerned with assisting organisations to meet the challenges presented by the rapid changes taking place in the financial markets, to exploit new opportunities and to compete successfully in an increasingly complex environment. Assignments are both varied and demanding.

We are therefore seeking on our client's behalf individuals of the highest calibre who can offer a thorough understanding of the securities industry and its trading processes and good quality experience in one or more of the following areas:

* automated dealing and settlement systems
* electronic information services
* front and back office systems
* project management and systems development
* strategic information systems planning
* management accounting and performance measurement

You should be in your late 20s or early 30s and an information technology specialist or qualified accountant. As part of a close knit and highly trained multi disciplinary team you will be stretched both personally and professionally. The rewards are high and there are significant opportunities for career progression to director level.

If you are interested or wish to know more please telephone or write to John Cameron, quoting ref. CF504, at 11 Gough Square, London EC4A 3DE (telephone 01-583 3911).

Chetwynd Streets
Management Selection Limited

Head of Marketing

Capital Markets

The investment banking arm of one of the world's largest banks is currently seeking to recruit a Head of Marketing based in London.

Primary responsibilities will be identifying and winning mandates throughout Europe in a variety of capital markets instruments, and in particular Eurosecurities. The role will also involve further development of the existing team in expanding the overall marketing effort.

The successful applicant, probably aged early to mid 30's, will have a detailed knowledge of investment banking products and a proven track record of success in this extremely competitive environment. *Highly developed interpersonal skills are essential, and a European language would be preferable.*

The remuneration package is very attractive reflecting the seniority of the position and is fully negotiable depending on experience and ability. In the first instance please contact Jonathan Williams, Director, Michael Page City on 01-404 5751 or write to him at 39/41 Parker Street, London WC2B 5LH, quoting ref. 3599.

MP
Michael Page City
International Recruitment Consultants—London Brussels New York Sydney
A member of the Addison Page PLC group

Business Economists

City of London

British Telecom's Economics Advisory Division is a small, professional team which deals with a wide variety of economic, financial and strategic issues of central importance to the company.

We have set up two new posts in the Business Economics Section.

Business Economist up to £20,000

This work involves the provision of specialist economic and financial advice and analysis in the areas of business appraisal and corporate planning. This may include the appraisal of projects or new business ventures and analysis of a broad range of corporate issues.

The successful applicant is likely to have an economics degree, experience as an applied economist and, preferably, experience of finance and accounting together with a knowledge of computers. First rate communication skills are also essential.

Assistant Business Economist up to £14,500

The major work area is company analysis. It involves the maintenance of an up-to-date company information system, production of regular bulletins and preparation of specific briefs analysing a wide range of companies. Work is carried out for all divisions of BT and often to tight deadlines. You may also be required to assist with a variety of other economic issues facing the company.

The successful candidate is likely to have a degree in economics, accountancy or a related discipline and some knowledge of the others. Good written communication skills are essential.

For further information please ring Terry Rhodes on 01-356 5031. To apply, please send a full C.V., stating the position in which you are interested, to Ann Hulbert, British Telecom Management Recruitment Unit, Room 26/48, Euston Tower, 286 Euston Road, London NW1 3DG. British Telecom is an equal opportunities employer.

British TELECOM

Banking and Finance

Product Management

to £20,000

The business benefits that can be expected to flow from a professional approach to marketing are beginning to be fully recognised and appreciated by many companies in the financial services sector. Our client, one of the major forces in the provision of personal as well as corporate financial services throughout the UK, is no exception.

The new appointment of Product Manager, with a brief to identify opportunities for researching, developing and launching innovative products and new ranges of customer services in the personal sector, provides the chance to make a significant impact on the shape of the future organisation. This is a high profile position which could have particular appeal to graduates in their late twenties or early thirties who are working in banking, insurance or allied finance operations and who have successfully promoted new marketing concepts. They could be frustrated in a company which they believe is only paying lip service to the marketing function and be looking for the opportunity to make greater impact in a more receptive environment.

Initial salary is negotiable to £20,000 plus relocation assistance to the North West. Success will provide the platform on which to build an impressive senior managerial career.

To apply please send full career details, together with current salary, or telephone for an application form to: John Todd, *Ref: SM33/9694/FT.*

PA
PA Personnel Services
Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy
Fountain Court, 68 Fountain Street, Manchester M2 2FE.
Tel: 061-236 4531.

NPA

SENIOR DEALER

Money Markets

Our Client is a prominent European bank with a profitable record of trading success in London.

Current growth plans call for a senior deposit trader, probably 25/35, who possesses an effective experience of the new financial instruments, including financial futures and FRA's.

This senior appointment will appeal to self-starters with flair and imagination who seek the opportunity for freedom and rapid personal development in the short term within a lively team environment.

Contact Norman Philpot in Confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside · London EC2 · Telephone 01-248 3812 3 4 5
Management Consultants · Executive Search

Merchant Banking

City **c £18,000 + excellent benefits**

Incorporated in the UK in 1975, our client's volume of international loans, notes and bonds exceeds US $300 billion per annum. Increasing status, particularly in the primary market dictates the establishment of a new function.

Reporting directly to the Managing Director, the brief is to develop internal procedures and controls to ensure secure operational and accounting systems to audit standard. Thus a qualified accountant aged 25/30 years with experience of banking and in particular the Eurobond market will find this a challenging start to a longer term career.

In addition to a negotiable salary, the excellent benefits include twice yearly bonus, mortgage, personal loan facilities, BUPA and non-contributory pension.

Write with full CV and daytime telephone number, quoting ref. FT/93 to Patrick Donnelly.

tfi The Finance Index
Financial Recruitment Consultants
11 Palmer Street London SW1H 0AB Tel: 01-222 5169/1181

Salaried Sales Careers

London Life is continuing its ambitious programme of planned expansion.

Founded in 1806, we are a mutual company, well established as a market leader with a record of growth in the expanding life assurance and pensions field and a full range of high quality products. We have a high reputation for professional service and integrity and are one of the very few companies to pay no commission.

Our expansion has created further career opportunities in the City of London and throughout the UK. We need people, men and women between about 25 and 50, *who can aspire to high standards of professional* service yet show the vital quality of personal commitment to success in a selling career. Good presentation, a sound education and a habit of achievement are important but the key qualities are enthusiasm, determination and strong communication skills.

We have a demanding selection procedure, but if you can meet our requirements, we can offer you a five figure benefits package of salary, annual bonus, non-contributory pension and life assurance, mortgage assistance and company car.

We will give you a thorough and professional initial training followed by a career development programme. It is a secure career with the opportunity of personal growth based on performance and the satisfaction of achievement in a socially vital service with one of the most respected companies in the field.

It is not an easy job and we are not promising instant wealth and success - these depend on your drive and determination. But we can provide the opportunity. Are you equal to the challenge? Contact me and we will see if you meet our requirements.

LL London Life
Jeremy Iles, FIPM. FT/2
Sales Personnel Manager,
The London Life Association Ltd,
100 Temple Street, Bristol BS1 6EA.
Tel: (0272) 279179.

Jonathan Wren

Manager – Equity Settlement

Our Client seeks an experienced equity settlement manager to join its Stock Exchange money broking division. Principal responsibilities will be liaison with market making and institutional clients, stock delivery through the TALISMAN system and control of cash and collateral.

The successful candidate is likely to be between 27-35 and will have gained the relevant experience in a similar role in a stockbroker, insurance company, pension fund or clearing bank nominee company. At least 5 years experience of UK equity delivery systems is required preferably with some knowledge of overseas settlement procedures. This is an opportunity to join an experienced team in an expanding operation. A fully competitive salary is offered, as well as mortgage and other benefits.

Contact Mark Forrester
All applications will be treated in strict confidence.

SYDNEY Jonathan Wren HONG KONG
Recruitment Consultants
170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

EF Hutton

COMMODITIES, MONEY MARKETS, AMERICAN SECURITIES
Account Executives and Sales Assistants with established Middle Eastern contacts

Here in London, in both our City and West End offices, we are extending our services for the Middle East.

We are therefore looking for individuals with substantial commodities, money market and US securities experience PLUS established Middle East contacts; any Arabic speaking ability will be an advantage as will a CBT or NYSE qualification.

If you have a familiarity with American brokerage work style, and have a significant contribution to make to E.F. Hutton then we will negotiate a remuneration package which will attract the best talent available in the market.

Please write in strict confidence to:

Administration Director
E.F. HUTTON & CO. (LONDON) LTD.
Princess House, 152-156 Upper Thames Street, London EC4
Tel: 01-623 0800

FLEMINGS

INVESTMENT ANALYST

A vacancy exists for an experienced investment analyst to join the portfolio management research team.

Ideally, candidates should be in their middle or late 20's with at least two years' experience of research in quoted U.K. equities.

For those with the desire and ability to tackle new and wider sector responsibilities, this is a particularly attractive opportunity, with good scope for advancement. A competitive salary, according to age and experience, with fringe benefits, will be offered.

Applicants of either sex should write enclosing their curriculum vitae to;

Frank Smith,
ROBERT FLEMING & CO. LIMITED,
8 Crosby Square,
London, EC3A 6AN.

Top Executives

earning over £25,000 a year

Can you afford to waste over £2,000 a month in delay? Minster Executive specialises in solving the career problems of top executives. The Minster programme, tailored to your individual needs and managed by two or more partners, is your most effective route to those better offers, 75% of which are never advertised.

Our clients have an impressive record of success; many blue chip companies retain our services in the redeployment of their top people.

Telephone or write for a preliminary discussion without obligation—or cost.

MINSTER EXECUTIVE LTD
28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309/1085

APPOINTMENTS ADVERTISING

Appears every THURSDAY

Rate £41.00 per Single Column Centimetre Plus VAT

Accountancy Appointments

Divisional Finance Director

Communications

c. £25,000 + Car

Northants/Cambs. Border

Our client is a major force in the communications industry with strengths in both national and regional markets. Committed to a policy of continuing growth, this company recognises the importance of giving to its operating divisions the autonomy to develop and expand winning ideas. This philosophy has produced a doubling of pre-tax profits in the last two years.

The company now wishes to recruit a Divisional Finance Director into its publishing sector whose duties will include providing a service to operating managers in the control and development of the business and who will be expected to contribute to the strategic planning requirements of the executive team.

Candidates should be qualified accountants, preferably in their mid 30s, with the drive to succeed in a fast moving, stimulating organisation. Experience in the publishing industry, whilst not essential, would be an advantage. Above all, candidates will be expected to demonstrate leadership, the ability to produce creative input to a highly motivated team, and the enthusiasm to convert ideas into action. Career prospects for the future either within finance or general management are excellent.

Please reply in confidence, giving concise career, salary and personal details, quoting Ref. ER836 to Brendan Keelan, Executive Selection. **Arthur Young Management Consultants, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.**

Arthur Young Executive Selection

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

ACCOUNTS MANAGER
Remuneration £18,000-£20,000

Financial Controller for international diamond group in Central London with responsibility for all aspects of accounts and financial management of the group.

Candidate should be aged 30-50 with a qualification from a UK accountancy body and have at least five years' commercial experience in an international business environment.

Remuneration £18,000-£20,000

Applicants should send a full CV to:
Harold Everett, Wreford & Co.
Harford House,
101-103 Great Portland Street,
London W1N 6BH
MARKED WITH REFERENCE M1

SEMI-SENIOR AUDIT CLERKS

If you are an Accountant, wishing to transfer articles, to work in the profession in THE THAMES VALLEY,

then why not contact me for further details:

Gerald Copley,
FOREST ACCOUNTING,
11-12, Gun Street, Reading.
Tel: (0734) 587272

Finance Director

Leicester/London

c. £35,000 + benefits

This well known company, part of a substantial UK group, has an exceptional record for growth and profitability since its formation in the early 1970's. Its fast moving business has expanded to a turnover in excess of £80m, through a comprehensive national network of 100 branches providing services to both industry and the general public.

Reporting to the group managing director, the finance director is responsible for all aspects of the company's accounting, computer and administrative functions with 180 staff working in Leicester. In addition, as part of the senior management team whose other members are based in West and South London, the finance director will be actively involved in the development of business strategies, the appraisal of opportunities for further growth and the introduction of advanced computer systems into the company's branches.

A qualified accountant, aged early or mid 30's, is required with a proven ability to work at a senior level in an autonomous and highly commercial company. Experience of managing a finance department in a service or fmcg company is also sought, coupled with a flexible approach and strong technical skills.

Remuneration: around £35,000 plus bonus, car, non-contributory pension and other benefits. Location: initially based in Leicester, though also working regularly in London.

Please reply in confidence, enclosing career details and quoting reference 6092/L to C.T. Garcia, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

POSTEL INVESTMENT MANAGEMENT LIMITED

FINANCIAL ANALYST

c £18,500

PosTel Investment Management Limited manage the Post Office and the British Telecom Superannuation Funds with assets totalling some £10 billion and a cash flow of over £700 million per annum.

A financial analyst is required to join the small management team to assist in appraising major prospective investment projects, mainly in property, and to monitor their performance. Projects will be in the UK and abroad and some overseas travel will be necessary.

The successful candidate, aged 26-30, will probably be a qualified accountant, economist or lawyer with experience of financial analysis work in a major commercial organisation.

Please send full personal and career details including current salary to:

Sheena Gibson, Recruitment Manager
PosTel Investment Management Limited
Equitable House, 48 King William Street
London EC4R 9DD

ACCOUNTANT DESIGNATE

SALARY c. £22,500 p.a.

National Mutual Life Assurance Society is a leading mutual Life Office with assets in the region of £500m. Established in England in 1830, its success has been built on the twin pillars of service and integrity. Plans recently announced are for the Head Office of the National Mutual to move in mid 1987 from the City of London to purpose built offices in Hitchin, Herts.

The National Mutual has several wholly owned subsidiary companies; the Group's activities include traditional, unit-linked and pensions contracts and they also figure prominently in the field of house purchase loans linked to life assurance contracts.

It is intended to appoint now a Deputy Accountant reporting to the Accountant who is in his late fifties. The position calls for a chartered accountant of high calibre, in early thirties, who will when Accountant lead the Accounts team and become responsible for all aspects of the Group's accounting, including the preparation of Annual Reports and statutory returns.

The supply of regular management accounting information is an essential aspect of this post.

It would be helpful to have an insurance background but this is not essential. However, the successful candidate will need the ability to absorb quickly the legislative background and be capable of close liaison with the Actuarial and Investment Managements.

The starting salary will be in the region of £22,500, with excellent fringe benefits, including pension, an annual bonus and low cost mortgage.

If this position offers the challenge you feel your qualifications and experience merit, please write with full personal and career details to:

Mr. W. P. Jackson,
Assistant General Manager and Secretary,
National Mutual Life Assurance Society,
5 Bow Churchyard, London, EC4M 9DH.

NATIONAL MUTUAL LIFE

Senior Auditors

£17-25,000+car+benefits

Auditors

£14-17,000+car+benefits

Our success story could be yours...

As a young professional with a keen eye on the market you'll undoubtedly be aware of Allied Dunbar as one of the leading names in financial management and you will probably also know that our success story is an impressive one.

When we started in 1971 we quickly gained a reputation for outstanding growth, establishing ourselves as a UK leader in the field of unit-linked life assurance. Now, as Allied Dunbar, with funds under management in excess of £4 billion, we plan to build on that record of gro[illegible]evement.

The responsibilities [illegible] of Audit and Controls at Allied Dunbar are far wider than those normally associated with 'traditional' [illegible]. It has become a growing function within [illegible] has a major responsibility [illegible] our administration controls activities, which [illegible] importance to us.

The Department has a [illegible] record of transfers to management positions [illegible] Allied Dunbar Group. These moves, together with [illegible] and the growth of the Department, have [illegible] for more people at a number of levels. The jobs [illegible] of variety, enable you to [illegible] your [illegible] horizons and take on new challenges [illegible].

You should [illegible] accountant, aged 27 to 35 with a minimum of 2 [illegible] experience in a commercial en[illegible] work as part of a team, [illegible] communicate effectively [illegible] all levels of management and have the desire to actively initiate change.

Positions at these levels carry an attractive salary, company car and a full range of benefits which include non-contributory pension, free life assurance, first class sports and social facilities, a subsidised staff restaurant and generous help with relocation to this part of the country.

Please write for further details and an application form to: Sandy Downes, Allied Dunbar Assurance plc, Allied Dunbar Centre, Station Road, Swindon SN1 1EL or call her on Swindon (0793) 27812 (24 hour answerphone).

ALLIED DUNBAR
THE FINANCIAL MANAGEMENT GROUP

Share in our success

LOEWE OPTA (UK) LIMITED
require an enthusiastic young
FINANCIAL CONTROLLER/COMPANY SECRETARY

To join a recently established UK subsidiary of German parent company engaged in the manufacture of high quality TV, video and audio equipment. Position would ideally suit someone currently studying for A.C.C. A working knowledge of the industry and ability to speak German would be an advantage but it is not essential.
Good salary, pension scheme and usual fringe benefits.

Apply in writing with full C.V. to:—
Financial Controller
Messrs Loewe Opta (UK) Ltd
Farnell House
8, Church Street
Isleworth
Middlesex TW7 6BG

Is it your head they're after?

It could be. If you register with Hall-Mark, the specialist register for accountants and financial managers.

It's the answer for busy, successful accountants who want to cut out the time consuming task of tapping the job market but want to see if they could be doing better. Whether you are registered with another consultancy or not we would like to hear from you.

By filling in our carefully researched 'Career Profile', a five minute task at the most, you would be in line for some of the best opportunities. Our team of consultants are in contact with some of **Britain's most successful and influential companies.**

Employers who are daily registering new positions with us – many of which are never advertised – and commissioning us to provide a short-list of suitable candidates.

Short-listed right from the start – the employers would contact you, putting you in direct contact with the decision makers and *in a good position to negotiate.*

The searches currently being conducted are for positions throughout the UK, where we seek **ambitious young accountants** able to command salaries in the range £12,500 to £35,000 p.a.

HALL-MARK
The Appointments Register
London House, 271-273 King St., London W6 9LZ

To take advantage of our fast, free and fully confidential service, post off the coupon to: Michael Polley, FCA, MBA, Hall-Mark Appointments Register, FREEPOST, London W6 9BR (no stamp required). Or tel: 01-741 8011/01-748 3444 (24 hrs). Prestel 013903873.

Initials________ Surname________
Address________
FT6/2

Taxation Accountant

Major British National

SW1 **£17-20,000**

A development opportunity for an ambitious individual to join the Headquarter's Taxation division of our client, a major British Industry with very complex and technical statutory taxation.

Reporting to the Head of Taxation your principal responsibilities will encompass advising and assisting the Investments Department on methods of investing funds and related problems, advising Subsidiary and Associated Companies on business structure and other changes plus undertaking and supervising the preparation of tax computations for submission to the Revenue. You can also be called upon to provide tax consultancy and advisory services to any part of the organisation.

The position will appeal to an imaginative forward thinker, professionally qualified and with considerable experience of taxation, plus an ability to communicate at all levels. Probably aged 27-35 you will either be wishing to make your first move from the tax department of a larger professional firm or alternatively already be within the taxation department of a commercial or industrial organisation.

A competitive salary is supported by some excellent fringe benefits including assistance with home to office travel and nearly six weeks holiday.

For a confidential discussion and further information please telephone Richard Green quoting reference 3187.

Dunlop & Badenoch
Financial Recruitment
60 Mark Lane, London EC3R 7NE. Tel: 01-265 0377

Management Accountants

London **To £22,000**

The Client: part of a substantial British enterprise, and generating in its own right a nine-figure turnover, this company operates in the Information Technology sector: marketing a range of products and services to businesses in the UK and overseas.

The Position: Each of the two Management Accountants will head a small team in providing a management accounting service to respective – product-based – divisions of the company, establishing and implementing financial strategies and controls and evaluating commercial proposals; there will be a particularly close relationship with the marketing function.

The Candidates: must be qualified accountants with broadly-based commercial experience, including product accounting. Business acumen and well-developed communication skills are essential pre-requisites. The preferred age-span is 26-32.

Applications please, quoting ref no 215/1/FT, to: Charles Barker Management Selection International Ltd, 30 Farringdon Street, London EC4A 4EA.

CHARLES BARKER
SELECTION·SEARCH·ADVERTISING

كاأسم الجل

Accountancy Appointments

Controlling the Big Bang - will you manage to prosper?

As the UK's largest and fastest growing firm of financial and management consultants, Coopers & Lybrand Associates is playing a major role in helping the financial services sector to meet the challenges of the Big Bang. At a time when the market is confronted by new problems of information and systems, our investment consulting team is assisting a wide range of financial institutions to develop the solutions that will enable them to prosper in a radically changing environment.

We need an experienced professional to strengthen our consulting team in a period of intense activity. Our requirements are exacting. You will probably be a graduate in your late twenties or early thirties and currently working in a senior management or an internal consulting role with a securities firm or major investing institution. Whatever your background or qualifications, you will have a sound understanding of the investment and securities sector and expertise in an area such as trading operations, fund management or performance.

Naturally, you will be conversant with the latest changes in the City – and able to exploit them to your client's advantage.

Working for us as a management consultant, your role in assisting financial institutions, brokers and market-makers to take advantage of the new opportunities will be extensive. You might be asked to assess the business opportunities arising from a merger, contribute to an IT strategy to meet the needs of a new market-maker or apply the lessons learnt from the New York market to a UK operation. It's a challenging environment – demanding self-confidence and a high level of personal motivation.

Based at our London office you can expect a salary of up to £35,000 plus a car and the prospect of rapid career progression. If you think that you can meet the challenges of the Big Bang, why not come to see us for a preliminary talk. Send a full career résumé plus daytime telephone number quoting Ref. F01/25 to Simon Myers, Coopers & Lybrand Associates, Plumtree Court, London EC4A 4HT.

Coopers & Lybrand

For business committed to growth.

Dixons

Group Financial Accountant

N.London **c.£21,000 + car**

Exceptional profit growth and the successful acquisition of Currys has brought the market capitalisation of this dynamic and rapidly expanding group to over £850m. Sales turnover per annum is in excess of £900m. and the group now trades out of nearly 850 outlets; other activities include photoprocessing, property investment and financial services.

Reporting to the Group Financial Controller, the role of this new appointment will include:

- monitoring and controlling subsidiaries' financial performance,
- accounting and control investigations,
- briefing group management on accounting and control issues,
- 3 year planning and forecasting,
- tax planning and VAT,
- US financial reporting and UK consolidation,
- close liaison with the group's professional advisers.

Applications are invited from graduate chartered accountants, age 26-30, ideally offering two years appropriate post qualification commercial experience and seeking to develop their careers in the financial control function of a major group.

The remuneration package also includes a car, a share option scheme and assistance with relocation if necessary.

Please write, quoting ref: 2518/L and enclosing career details, to M. R. P. Blanckenhagen, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Young Financial Controller

USM Prospects

Central London

to £22,000 + Car

Formed only 10 years ago, our client has already established itself in a prominent position in the design and project management consultancy field. The group specialise in up-market interior refurbishment and have carried out an impressive range of prestigious projects mainly in the City.

In addition they have recently become sole UK agents for an exciting range of new concept Italian partitioning and fitments and have high hopes for its success.

Turnover is £6 million and growing rapidly.

They now wish to recruit a Financial Controller who will be responsible to the Managing Director for the entire accounting and management information requirements of the group.

Applicants will be Qualified Accountants, aged 26-35, with broad experience in industry in a computer-based systems environment.

The group have plans to seek a USM placement within the next 3/5 years and are therefore seeking someone with good potential who can operate effectively in a fast expanding business.

A competitive remuneration package will be offered and there are excellent career prospects.

Please send concise details, including current salary and daytime telephone number, quoting reference S2022, to W S Gilliland, Executive Selection Division,

Grant Thornton
Management Consultants
Fairfax House, Fulwood Place, London WC1V 6DW.

Deputy Financial Controller

Scotland **£Neg + large company benefits**

Our client is a manufacturing subsidiary of a major international electronics group which has a world wide $ multi million turnover.

They invite applications for this senior position from professionally qualified accountants. You will probably be in your mid 30's, ambitious, and used to working in a fast moving environment. You will have a minimum of 7 years' experience with a growing and successful Company.

Responsibilities will initially be for the overall supervision of the Financial Accounting Section covering payroll, general ledger, accounts payable, property, the preparation of statistical information and the *Annual* Operating *Plan*. The prime objective being to ensure that there are adequate up-to-date computerised systems in place.

The successful candidate will be expected to take over the full role of Financial Controller within a six month timeframe. An in-depth experience in the Management Accounting area is essential, along with a sound background in manufacturing costing. The position also carries responsibility for Management Information Services, which involves an onsite DEC/VAX facility and a link to the USA for commercial data.

You would become a member of the Senior Management Team reporting to the Managing Director.

The client envisages a salary in the £25-30k range plus usual large company benefits for the Financial Controller.

Interested applicants should write to: **Colin Mackay CA, at Michael Page Partnership, 150 West George Street, Glasgow G2 2HG or telephone 041 331 2597 (evenings and weekends 041 357 3104).**

MP
Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

FINANCE MANAGER

HIGH GROWTH PR CONSULTANCY

TO £20,000 + CAR

In just three years the Company has become one of the recognised leaders in PR and marketing consultancy within the high technology sector. Current performance is generating the financial resources needed for planned expansion of the firm's services.

This appointment is seen as a crucial step in the next stage of the Company's development. As Finance Manager you will prepare and interpret the financial and management accounts. You will also be responsible for the computerisation of accounting and control systems and the provision of a positive financial input on strategic business issues.

You should be a qualified accountant, aged 26-35, and ideally have two years' post-qualification commercial experience in a small to medium sized company. Experience in a service sector would be an additional advantage. Of equal importance are the personal qualities required; flexibility, enthusiasm and the potential to develop rapidly with this exciting company.

Please reply in confidence, giving concise career, salary, and personal details, quoting ref L/109, to: Martin Lawless, Slade Consulting Group (UK) Limited, 2 Bedford Square, London WC1B 3RA. Tel: 01-580 4766.

Melbourne • Sydney • Brisbane • Adelaide • Perth • Auckland • Christchurch • London

SLADE CONSULTING GROUP (UK)

THERE ARE

GREAT OPPORTUNITIES FOR RECENTLY QUALIFIED

ACCOUNTANTS

In the Thames Valley Area

If you have recently qualified and wish to remain in the profession, then why not 'phone for further details:

Gerald Copley,
FOREST ACCOUNTING
11-12 Gun Street, Reading.
Tel: (0734) 587272

CHIEF ACCOUNTANT

Age 27-32 **CITY** **£20,000 + car**

A Merchant Bank subsidiary of a leading Japanese Bank will shortly commence operations in the City and requires a Chief Accountant who will report to the Financial Controller.

The Chief Accountant will be responsible for all financial and management accounting, the management of the accounting department, tax planning, the treasury function and the operation and further development of computerised systems.

Candidates must be qualified accountants with at least 2 or 3 years post qualification experience, in the Securities Business and have had some experience in computerisation. Prospects are excellent in this expanding bank. The age preference is 27-32, and the salary will be £20,000. There is a car and a range of additional fringe benefits will be negotiated.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2356 to W L Tait, Executive Selection Division.

Touche Ross
The Business Partners
Hill House 1 Little New Street London EC4A 3TR Tel: 01-353 8011

Management Accountant

c.£17,000

We are seeking a qualified accountant with at least three years post qualification experience in the private sector. You will be responsible for the maintenance of financial control systems, preparation of budgets, estimates and ad hoc reports. You should have experience in managing a loan portfolio, and be able to produce detailed monitoring information. You will also be involved in the system of controls to verify the proper evaluation of business proposals and to monitor the Company's ongoing investments.

The Greater London Enterprise Board employs a wide range of specialists to review investment proposals, assist in the implementation process and provide ongoing support. This challenging post is located in the Finance Division which controls internal finances and provides services to these specialist areas. The GLEB invests in business opportunities which meet well defined social as well as commercial criteria.

If you are committed and capable of working in this demanding environment please apply to: The Personnel Manager, Greater London Enterprise Board, 63-67 Newington Causeway, London SE1 6BD, with details of your career history and mark the envelope "Management Accountant".

The Greater London Enterprise Board is an equal opportunity employer, and applications are welcomed from candidates regardless of sex, race, nationality, age, or marital status and from registered disabled persons

Greater London Enterprise Board

Managing Director

City of London

Our client is an International Group wishing to establish a new operation in the UK. They are seeking a first class administrator with experience of international trading regulations, and the commercial, financial and management skills to set up and run this new venture.

With independent responsibility for the UK company, the managing director will lead and manage a small team. The role will involve the development and maintenance of financial and administrative systems, as well as the co-ordination of the trading operations.

Ideal candidates will be around 40, with substantial experience of administering international trade. It is important that they possess the energy and integrity to lead a new and self contained company.

As well as the rewarding challenge of setting up a new venture, a salary in the region of £25,000, a company car and benefits will be offered.

Please write in confidence to JP Cornish (ref 5991). The closing date for applications is Wednesday 12 February 1986.

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Financial Accountant

High Technology

Home Counties East, c. £16,000

This high technology company with a turnover in excess of £100M is restructuring its accounting function. This has identified a need for a Financial Accountant. The successful candidate will report to the Financial Controller and be responsible for all the financial accounting activities, with an emphasis on cash forecasting. Candidates should be qualified, or finalists with directly relevant experience, aged mid/late 20's and be trained in a professionally managed company with modern computerised systems. Leadership and management skills are vital. There is a very competent staff of 20 people and teamwork is expected and encouraged, as is involvement in the business.

Relocation costs will be paid.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a personal history form to **J.H.E. Davies, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-734 6852, quoting** ***Ref: 19011/FT.***

Accountancy Appointments

Taxation Manager

Salisbury *c. £25,000 + car + benefits*

UK Provident is a successful, rapidly growing life insurance company. This new appointment has been created to make a significant contribution towards the company's development during a period of rapid and exciting change within the financial services sector.

Reporting to a Deputy General Manager, you will have wide ranging responsibilities covering all aspects of tax compliance and planning work. Providing advice to senior executives on a wide range of business decisions will form a major part of this role.

Candidates should either be qualified Accountants, preferably with ATII, or suitably qualified Tax Inspectors. Significant commercial tax experience is required, ideally gained within the life assurance or financial services sector. Whilst age is not important, the individual must have the personal qualities to quickly create an effective and comprehensive tax service — drive, enthusiasm, and the ability to communicate at a senior level.

Please send full personal and career details in confidence to Kevin Rotherham, quoting reference 1532/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

NEWLY QUALIFIED
ACCOUNTANCY APPOINTMENTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations.

We propose to publish the list in our issue of Thursday, March 6, which will also contain several pages of advertisements under the heading of "Newly Qualified Accountancy Appointments." The advertising rate will be £41.00 per single column centimetre. Special positions are available by arrangement at premium rates of £48.00 per scc.

Newly qualified Chartered Accountants are never easy to recruit—don't miss this opportunity! We will also be including in this feature a

GUIDE TO RECRUITMENT CONSULTANTS

and entries in the Guide will be charged at £80.00 which will include company name, address and telephone number.

For further details please telephone:
LOUISE HUNTER on 01-248 4864
or
TREVOR PUNT on 01-236 5783

FINANCIAL TIMES
Europe's Business Newspaper

Finance director designate

Surrey, c£25,000 + car

For a recently established company in the hotel and leisure industry whose principal shareholders are a major hotels group, an international company extending its operations in the UK and a number of leading financial institutions. Initially the company is developing three new hotels with further projects planned to follow.

Reporting to the Board you will be responsible for the establishment and implementation of all necessary financial and management accounting and reporting systems. You will work closely with senior management in the planning and analysis of future developments and in addition will fulfil the role of company secretary.

You should be a qualified accountant, preferably in your early thirties, with good all round experience gained in a commercial or industrial environment. A self starter you must have the personality, drive and enthusiasm to play a key role in the company's future growth and development.

This is a unique opportunity to join a dynamic, fast moving company whose shareholders intend that it should be brought to the market at the earliest opportunity.

Résumés including a daytime telephone number to Torrance Smith, Executive Selection Division, Ref. S462.

Coopers & Lybrand associates
Coopers & Lybrand Associates Limited management consultants
10 Bouverie Street
London EC4Y 8AX

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

Financial Accounting Manager

A demanding role in a high-tech environment

N. Home Counties to £25,000+car

As a young, ambitious individual with a highly successful career to date, your next move must be right to maintain the momentum. Our client, part of a major US high-technology group, offers an opportunity to match your aspirations.

The Company is one of the market leaders in its sector and has a record of rapid, sustained growth. To operate successfully within such an environment requires both high level technical skills and outstanding managerial ability.

Your primary responsibility will be for the production of accurate and timely financial statements to both UK and US standards. The brief also encompasses a wide range of additional accounting services.

Candidates will be qualified ACA or ACCA aged in their late 20's early 30's, possessing commercial flair and the ability to see the broader business perspective. In addition a thorough knowledge of US reporting requirements is essential.

Whilst enjoying an excellent salary, prestige company car and other fringe benefits the successful applicant can also envisage rapid career progression within the Company.

An early reply is essential; please send a detailed CV, quoting reference F356/G, to: Mike Gostick at Ernst & Whinney, Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

Financial Systems Development & Acquisition Manager

N.E. London £19,000-£22,000

For a £90m. turnover plc. Traditionally a distributor of high quality consumables, the company is selectively broadening its base and intends to strengthen financial management resources at group level.

Working with the Group Finance Director, the appointee will help operating subsidiaries implement group procedures, investigate new and prospective acquisitions, and consolidate group accounts. Some UK and overseas travel will be called for.

Qualified accountants, 25-30, must have obtained experience in large, well managed commercial enterprises of implementing group financial control requirements and improving management information systems. Broader involvement, in areas such as acquisition and corporate tax, will be advantageous.

Please send a comprehensive c.v., (with remuneration details), or write for an application form, quoting reference 5061/L to: M.R.P. Blanckenhagen, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Preston

Where people mean business

DIRECTOR OF FINANCE
COMPANY SECRETARY

Preston Borough Transport Limited

Salary Negotiable, but unlikely to be less than £16,000 per annum

Applications are invited from qualified accountants (preferably A.C.A., A.C.C.A. or A.C.M.A.) with wide commercial experience for the above new position. Applications from accountants who are also qualified company secretaries will be particularly welcomed.

The Council operates a successful transport undertaking and wishes to strengthen its management to react positively to the deregulation of Passenger Transport Services. The structure of the Board of Directors has now been approved and the successful applicant will be a member of the Board.

The Company will employ a workforce in excess of 200 and will operate an intensive urban service. The maintenance of 80 public service vehicles plus 150 other Council vehicles is at present carried out by the undertaking.

The successful applicant must have the ability, enthusiasm and commitment to manage and develop the financial services to the Company and to play a major role in ensuring its viability.

Assistance with removal and relocation expenses will be provided in appropriate cases.

Applications in the candidates style should contain: Name, Address and Age, Details of Qualifications and Experience, Present and Previous Posts, Salary and Period of Notice, Names and Addresses of Two Referees and should be sent to the Director of Personnel and Management Services, Town Hall, Preston, PR1 2RL. (Tel: 0772 [illegible]) from whom further details may be obtained. [illegible] disclosed. Canvassing will disqualify.

CLOSING DATE: 21st February, 1986.

We are an equal opportunity employer

Preston Borough Council

Assistant Group Accountant
(Overseas Subsidiaries)

25+ Finalist £12½K—£15K inc. benefits

Our Client is an internationally successful manufacturer of specialist engineering products with interests in over 90 countries worldwide.

This is a new appointment, reporting to the Group Accountant (Overseas). Based at the Group's Headquarters in Berkshire you will assume responsibility for preparing and interpreting financial information from overseas subsidiaries. This involves the analysis of variations and trends, working with multi-currencies and the preparation of consolidated data. There will also be ad-hoc exercises requiring short overseas visits.

This is a demanding position offering an excellent career base and considerable scope for initiative whilst working with minimum supervision.

You should ideally have experience of computer-based group accounting in an international manufacturing environment. Knowledge of IBM PC systems and a European language would be an advantage.

In return for your skills and commitment our Client offers an attractive remuneration package including 25 days' holiday.

Please send your full CV to Confidential Reply Service, Ref: FAY 618, Austin Knight Advertising UK Limited, Knightway House, Band Lane, Egham, Surrey TW20 9NX.

Applications are forwarded to the Client concerned, therefore Companies in which you are not interested should be listed in a covering letter to the Confidential Reply Supervisor.

Austin Knight Advertising

Group Financial Controller

City c£25,000+car+benefits

Our client, a small but leading specialist Investment and Fund Management Company, was established in 1981 and has rapidly acquired a first class presence and reputation in its field. Continuing profitable growth and planned expansion has created an exceptional opportunity for a Financial Controller.

Reporting to the Managing Director you will be a member of a young, energetic management team with responsibility for all financial/management accounting and control and systems development.

Aged ideally between 30-35 you will be a creative Chartered Accountant with in-depth financial experience gained in a City environment, where strong commercial flair and a decisive and determined approach have been the hall marks of your progress to date.

The salary package, and substantial fringe benefits, will reflect the importance and demanding nature of this appointment.

Interested candidates should send a detailed CV to Don Day FCA quoting reference LM37 at Spicer and Pegler Associates, Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

Spicer and Pegler Associates
Management Services

Personal Tax Management

London
to £30,000 + car

Distinguished international firm of chartered accountants seeks two additional senior managers, to handle UK and expatriate portfolios respectively, with considerable autonomy—involving substantial client contact and business development responsibility.

Candidates should be qualified accountants aged say 28-35 (although Revenue/legal backgrounds would be acceptable) with substantial recent personal tax experience. Prospects include early consideration for partnership or equivalent status.

For full job description write in confidence to Wendy Dare at JC&P, Selection Consultants, 104 Marylebone Lane, London W1M 5FU, showing clearly how you meet our client's requirements, quoting 1043/FT. Both men and women may apply.

JC&P
John Courtis and Partners

The Post Office
Tax Management

Derbyshire **to £20,000**

Our client, The Post Office, currently seeks to recruit an experienced and *energetic* Deputy Tax Manager.

The successful candidate will be responsible for advising line managers on the tax implications of investment decisions within its extensive operations, planning the incidence of Corporation Tax, VAT and PAYE on the business, maintaining and extending the department's sophisticated computer applications and supervising a staff of ten tax assistants.

The suitable applicant will report at senior level and should therefore be an experienced Corporation Tax Manager or an ambitious Assistant Manager in either a well-known firm of Chartered Accountants or a substantial group of companies. They should also have the professional and dedicated approach needed to take full advantage of the career potential in this opportunity which has itself been created by promotion.

Relocation *facilities* are available, where appropriate. Interested applicants should contact Graham Thompson on (0532) 450212 or write to Michael Page Partnership, 13/14 Park Place, Leeds LS1 2SJ, quoting ref. L8206.

Michael Page Partnership
International Recruitment Consultants
London Windsor Bristol Birmingham Manchester Leeds Glasgow Brussels New York Sydney
A member of the Addison Page PLC group

GROUP FINANCIAL CONTROLLER

S. London/Kent **c. £22000+Car**

Our client is a long-established, substantial group of Property/Construction companies with nett assets in excess of £50 Million.

Its position as one of the leaders in its field is reflected in its involvement in some of the most prestigious building projects, civil and domestic, both in the U.K. and internationally.

Due to group re-organisation, this new position has been created to carry responsibility for all financial aspects of the business and to become deeply involved with the overall development of the Group.

Candidates should be qualified accountants, aged ideally 35–45, with broad based accounting experience. A strong degree of commercial awareness is essential as is the ability to demonstrate solid financial management ability. An emphasis will be placed on the increasing importance of existing computerisation.

Tangible career development opportunities exist within the Group.

Full C.V.s should be sent to Stuart Rosen, Executive Recruitment Manager quoting reference SR/S612.

Hays Allan
Chartered Accountants
The Financial Advisors with the Personal Touch.

SOUTHAMPTON HOUSE, 317 HIGH HOLBORN, LONDON WC1V 7NL. ALSO AT: CAMBRIDGE, CANTERBURY, EXETER AND READING

CHARTERED ACCOUNTANT

FINANCIAL INSTITUTION

As a result of rapid growth a major export finance house, part of the Exco group of companies and with capital funds in excess of £25m, seeks a recently-qualified chartered accountant, ideally but not necessarily with bank auditing experience. An excellent remuneration package is offered to the right candidate, who must be capable of hard work with the emphasis on accuracy as well as being able to demonstrate the potential to grow with this rapidly-expanding company.

Please write with full personal and career details to:

Mr. A. C. P. Milnes
Group Personnel Manager
London Forfaiting Company Limited
International House
1 St. Katharine's Way
London E1 9UN

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday February 6 1986

Sears Roebuck reports 11.5% fall in profits

BY PAUL TAYLOR IN NEW YORK

SEARS ROEBUCK, the world's largest retail group, yesterday reported a 2 per cent decline in fourth-quarter net earnings and an 11.5 per cent drop in full year profits. The earnings setback which came despite higher revenues from all Sears major business groups, reflected a number of special factors. These include lower earnings from the company's core merchandise group and a decline in full year earnings from the Allstate Insurance Unit.

The diversified Chicago-based group, the non-retail business interests of which also include the Dean Witter financial services group, Coldwell Banker property unit and World Trade subsidiary, blamed the net earnings decline on the absence of special gains recorded in 1984. A sharp negative swing in final quarter inventory accounting adjustments for the effect of inflation was also blamed.

Fourth-quarter net earnings of $552.3m or $1.50 a share compared with $563.1m or $1.54 a share in the 1984 period. Revenues grew by 6 per cent to $12.07bn from $11.37bn. For the full year Sears posted net earnings of $1.3bn or $3.53 a share compared to $1.45bn or $4.01 a share in 1984 on revenues which grew by 5 per cent to $40.72bn from $38.83bn.

Sears noted that the 1984 results include a $88.4m gain from debt-equity swap and a one-time Allstate Insurance tax credit. Net after-tax realised capital gains and other income totalled $100m in the latest fourth quarter and $263m for the full year compared to $45.9m and $221.2m in the respective 1984 periods.

Mr Edward Brennan, Sears' new chairman and chief executive, noted that all the company's business groups increased revenues for the year. Sears Financial network and Sears World Trade also recorded improved fourth-quarter income.

The Allstate Insurance Group reported earnings of $179.1m in the fourth quarter, up from $159.4m a year earlier on revenues which grew to $2.78bn from $2.5bn. Full year net income fell to $604.8m from $680.7m in 1984 when earnings were lifted by a $80m one-time tax credit. Revenue grew to $10.38bn from $8.99bn.

Among Sears' other business units its Dean Witter managed to swing back into the black reporting a $3.8m profit in the fourth quarter and $13.1m for the full year. This compares with losses of $3.9m and $32.7m in the corresponding 1984 periods. Sears, which recently announced plans to accelerate the nationwide introduction of its Discover credit card, said a strong improvement in securities-related activities more than offset a $13.5m loss on the card in the final quarter. Sears World Trade unit reported reduced losses in both the quarter and the full year.

Texaco to deposit stock as $1bn bond

By William Hall in New York

TEXACO, the embattled US oil giant, plans to use its majority interest in its Canadian subsidiary to meet the $1bn bond it needs to appeal against an $11.1bn damages award.

Texaco said yesterday it intended to deposit stock in Texaco Canada as security for the $1bn bond which is the subject of a heated courtroom battle with Pennzoil, the medium-sized US oil company, which stands to win the $11.1bn in damages if its claim is upheld.

Pennzoil has argued that Texaco should be forced to post a $13bn bond before it is allowed to appeal against the damages award by a Texas court. Texaco has said this could force it into bankruptcy and has sought relief in a New York appeals court. The court has ruled that a $1bn bond is sufficient to appeal against the damages award. Pennzoil is challenging this decision and the appeal is due to be heard next week.

Texaco owns close to 80 per cent of Texaco Canada and would need to pledge about 60m shares of the company to meet the $1bn bond. Texaco Canada shares were unchanged at $17 in early trading yesterday while Texaco shares rose $¾ to $26⅞.

There are several ways Texaco could have financed the $1bn bond, but the pledging of the Texaco Canada shares was chosen since it was felt there could be less argument about their true value since they are quoted on Canadian and American stock exchanges.

Dutch debut for Tokyo traders

BY LAURA RAUN IN AMSTERDAM

THE AMSTERDAM Stock Exchange is expected to accept its first Japanese members soon, hastening the market's ambition to offer the first foreign trading of Japanese stocks priced in yen.

The Japanese securities firms Nomura, Daiwa and Yamaichi, as well as Citibank of the US have applied for membership, according to Mr D.H. Cross, adjunct secretary of the stock exchange. He declined to confirm a report in the Dutch financial press that approval of the applications was imminent, but the bourse will hold a press conference on the subject on Monday.

The expected move is part of a broad and concerted campaign to further internationalise Dutch financial markets, already among the most international in Europe. Amsterdam lists more foreign shares than Dutch ones, including depositary receipt trading in American and Japanese stocks. The Dutch bond market is considered the most liquid in continental Europe.

The Amsterdam and Tokyo exchanges agreed in principle on a plan for the trading in Amsterdam of 25 Japanese companies with the same settlement terms as in Tokyo. Amsterdam's aim is to capture part of the growing desire of European investors to deal directly in Japanese shares after the close of trading in Tokyo. Depositary receipt trading in Japanese companies has failed to meet expectations and the hope is that the Japanese securities firms will promote direct trade in Japanese stocks.

The Japanese houses have reportedly requested a kind of restricted membership that allows on-floor trading through another broker or bank as a way of keeping down costs. Citibank, however, is believed to be seeking membership with on-floor trading rights.

Six foreign financial institutions are already members of the Amsterdam stock exchange through Dutch subsidiaries. They include Chase Manhattan Bank, Morgan Guaranty Trust and Banque Paribas.

In earlier efforts to enhance Amsterdam's international appeal, the stock exchange cut trading commissions almost to the same level as London. Dutch capital markets were dramatically liberalised at the beginning of this year to allow an array of innovative new facilities such as floating-rate notes, commercial paper and certificates of deposit. Citibank is seeking bourse membership to facilitate its capital markets trading.

PepsiCo claims market lead as 1985 earnings jump 25%

BY OUR FINANCIAL STAFF

PEPSICO, the US soft drinks group which last month agreed to buy Seven-Up from Philip Morris, yesterday announced a 25 per cent jump in net earnings from continuing operations last year, and claimed Pepsi-Cola had emerged as the clear winner in the US market-place.

Net profits at the continuing level rose from $337.1m, or $3.55 a share, to $420.2m, or $4.51, while fourth-quarter net from continuing operations advanced from $85.8m, or 90 cents, to $105m or $1.17.

Final net figures are distorted by a series of gains and losses but for the fourth quarter emerged flat at $89.3m, or $1 a share, against $89.6m, or 95 cents, a year earlier.

For the year, net profits were $543.7m, or $5.83, including $123.6m income from discontinued operations, against $212.5m, or $2.25, including a $62.5m restructuring charge.

Sales rose from $2.2bn to $2.4bn in the fourth quarter and from $7.45bn to $8.06bn for the year.

Mr Donald Kendall, chairman and chief executive, noted a 10 per cent increase in Pepsi-Cola case sales last year, more than double the industry rate. Return on equity rose above 22 per cent.

Pepsi-Cola experienced "exceptional" volume growth and share gains domestically and a big earnings improvement internationally, although domestic profits rose only modestly. Total soft drink profits grew 10 per cent while sales rose 8 per cent.

Snack food earnings advanced 8 per cent on a 5 per cent increase in sales, although the earnings rise was clipped to 2 per cent after a $16m pre-tax charge at Frito-Lay in the fourth quarter.

The restaurant side had an "outstanding year" as earnings rose 11 per cent on a 14 per cent rise in sales. The company added 252 franchise and 319 company units to its Pizza Hut and Taco Bell chains.

The company noted that fourth-quarter results reflected an impressive earnings increase in restaurants, especially Pizza Hut.

Dofasco suffers downturn as steel price competition bites

BY BERNARD SIMON IN TORONTO

DOFASCO, Canada's second largest steelmaker, suffered a drop in net earnings to C$170.1m (US$118m) or C$2.77 a share last year, from C$180.6m or C$3.47 in 1984. Revenues rose slightly to just over C$2bn.

The fall in earnings is a particular disappointment for Dofasco, which remained profitable throughout the last recession and is widely regarded as one of North America's most efficient steel producers.

The company blamed the decline on competitive price pressures and higher operating costs. Hot-rolled steel prices were cut in November. A subsidiary which makes and repairs railway rolling stock and mining equipment operated at only about 50 per cent of capacity.

Ingot and castings output fell to 4.37m tonnes last year from 4.47m tonnes in 1984. Shipments of flat-rolled products, semi-finished steel and castings dipped from 3.32m tonnes to 3.26m tonnes.

Dofasco expects stagnant demand for flat-rolled products in 1986, with higher shipments to the housing and capital project markets offsetting a decline in demand from the motor and energy industries.

● Asarco, the major US smelter and refiner, has reduced its fourth-quarter net loss from $236.28m to $24.94m on sales of $308.91m compared with $282.16m. The loss for all of 1985 was $62.18m against $306.08m on sales of $1.7bn compared with $1.33bn.

The fourth-quarter and full-year results for 1985 include a charge of $4.5m to provide for the closing of the group's Columbus, Ohio, zinc oxide plant in the second quarter of 1986, and a loss of $14.4m by associated companies (of which $12.7m was incurred on currency translation). There was a pre-tax gain of $14.6m from the liquidation of excess metal inventory valued on a Lifo basis and a pre-tax credit of $1.1m related to the adoption of certain accounting rules, together with a pre-tax gain of $16m related to these changes.

The 1984 loss included charges of $254m, of which $216m occurred in the fourth quarter, covering the suspension or closure of some plants and mines and the write-down of other asset values.

Bouygues earnings rise 10% in year

By Paul Betts in Paris

BOUYGUES, the leading French construction group, yesterday reported a 10 per cent rise in consolidated net earnings to FFr 440m ($58m) last year compared with FFr 401m the year before. Consolidated sales rose 6 per cent to FFr 26bn from FFr 24.6bn.

The group expects sales to reach FFr 28bn this year but says they could be higher if planned diversification deals are completed. Sales could be further boosted if Bouygues decides to exercise its option to buy a major stake in Screg, a large French road construction company.

Bouygues also intends to make a one-for five scrip issue.

The group's construction business in France had increased to turnover more than the prevailing inflation rate and had secured a good level of orders. It expects more than 10 per cent growth, in the sector this year. International construction business had declined, however, and was expected to continue to fall off this year.

Bouygues is part of the Channel Tunnel Group-France Manche consortium which recently won the competition to build a fixed link across the Channel and said the outlook for construction of the twin-bore rail tunnel was very encouraging.

Enka up 12% at year end

By John Davies in Frankfurt

ENKA, the West German based man-made fibres group, increased group sales by 7 per cent to DM 4.9bn ($2bn) last year. Net profit is put provisionally at DM 225m, a rise of 12 per cent.

Enka, which is part of the Akzo chemical concern of the Netherlands, has steadily strengthened its position as a result of major restructuring in recent years. After a string of losses, it returned to profit in 1983.

Mr Josef Hutter, the chief executive, said that Enka was confident about this year's performance, although some market segments were showing signs of weakening as a result of the lower US dollar.

The group is pressing ahead with ambitious investment projects, including a DM 200m polyester plant at Oberbruch near Aachen.

Akzo and its Enka subsidiary have long been embroiled in a patent dispute with Du Pont of the US over aramid fibres and the controversy is building up into an issue between the US and European Community (EEC).

US insurer lifts reserves

USF&G, the Maryland-based insurance group, expects to take a charge of about $100m for the fourth quarter of 1985 as it strengthens reserves for its property and casualty insurance business, AP-DJ reports from Baltimore.

The company said the reserves had increased to about $3.16bn at year-end from $2.56bn at the beginning of 1985.

The company said this increase included "normal reserve increases" and a strengthening of reserves by about $242.6m, including the $100m for the fourth quarter of 1985.

B&O lifts sales 13% at midway to DKr 886m

By Hilary Barnes in Copenhagen

BANG & Olufsen, the Danish television and audio equipment manufacturer, returned to profit in the half year to November 30 1985 and said it expected a profit for the year ending May 30.

In its annual report the group forecast a break-even result this year, after a loss of DKr 13m ($1.46m) in 1984-85.

First-half sales increased by 13 per cent to DKr 886m, with satisfactory growth in almost all markets, especially the US, Germany, Denmark and Norway, the group said in an interim statement. Pre-tax earnings for the period were DKr 8m compared with a loss of 12m in the same period in the previous year.

A compact disc player and a new colour television model have been well received by the market, it said, while financial costs were lower than expected. Delay in bringing the compact disc player to the market contributed to last year's loss.

A new stereo television model is to be launched this month.

Manufacturers Hanover to sell mortgage bank

BY WILLIAM HALL IN NEW YORK

MANUFACTURERS HANOVER, parent of the New York Money Centre Bank, is seeking to raise about $300m from the sale of its mortgage banking subsidiary.

US banking industry sources confirmed yesterday that the US banking group was looking for a buyer for Manufacturers Hanover Mortgage, the third largest mortgage bank in the US.

Manufacturers Hanover is understood to have decided to sell its subsidiary because of the high prices being paid for similar operations and because it is no longer considered an essential part of the group's nationwide consumer banking expansion plans.

Manufacturers Hanover Mortgage Corporation (MHMC) services nearly 365,000 mortgages worth about $14.2bn according to the latest figures compiled by the American Banker. It originated around $1.7bn of residential mortgages last year and is the biggest mortgage banking subsidiary of any US bank. Lomas Nettleton Financial and GMAC Mortgage, which both service around $20bn in mortgages, are the only two companies larger than MHMC.

Several US banking groups have sold their mortgage banking subsidiaries over the last couple of years and newcomers to the financial services industry, such as General Motors, have been willing buyers.

Saba earnings down by 9% at year end

By David Brown in Stockholm

SABA, the Swedish retail and wholesale trading group, announced a decline of 9 per cent in its 1985 profits before extraordinary items, appropriations and taxes, to SKr 202m ($26.6m), in a short preliminary statement released yesterday.

However, the sale of property and other extraordinary income brought the pre-tax profit to SKr 407m, up from the SKr 241m in 1984.

Group turnover rose from SKr 18.43bn to SKr 19.3bn, but volume was unchanged when acquisitions were taken into account.

Saba reported improved results in its mail order and trading operations.

AT&T and SGS plan joint venture

By Alan Friedman in Milan

AMERICAN Telephone and Telegraph (AT & T), the US telecommunications giant, will announce next week an international agreement with SGS, Italy's leading semiconductor company, in the field of bipolar integrated circuits.

Terms of the deal between AT & T and SGS are being kept secret until next Tuesday, but it is understood it will involve collaboration between the two companies on bipolar circuit technology, possibly leading to a manufacturing agreement.

The venture will not be restricted to the US or European markets and is expected to provide a significant boost to SGS revenues.

Last year SGS made a loss of between $15m and $20m on group revenues of $306m. The company, along with the rest of the world microchip industry, was hit by last year's fall in demand for integrated circuits

Bergen Bank dividend held

BERGEN Bank, Norway's third largest commercial bank, has announced an unchanged dividend for 1985 of NKr 14.50 ($1.9), writes Fay Gjester in Oslo.

Shareholders will be given the option of receiving payment in shares, at 15 per cent below the market price on March 12 – the first day this year that the bank's shares are due to be listed ex-dividend.

INTL. COMPANIES & FINANCE

UAL final-quarter earnings plunge despite special gain

BY PAUL TAYLOR IN NEW YORK

UNITED AIRLINES' parent, UAL, posted a sharp decline in fourth-quarter net earnings, despite a $136.8m special gain and a full-year net loss of $48.7m, mainly reflecting the impact of the 29-day strike in May and June last year against the airline.

UAL's fourth-quarter net earnings of $20.8m or 43 cents a share compare with net earnings of $87m or $1.78 a share in the year-ago period and came on revenues that grew to $1.89bn from $1.67bn.

The group, which also owns Hertz, the car rental business, and Westin Hotels, said United Airlines had an operating loss of $77.1m in the final quarter on operating revenues of $1.4bn, compared with operating earnings of $131.1m on revenues of $1.47bn in 1984. Mr Richard Ferris, UAL's chairman and chief executive, noted that the recent resumption of "fare wars" eliminated the benefits of an improvement in airline revenue yield per passenger mile.

UAL's full-year net loss, equivalent to $2.69 a share, came after $136.8m in special gains and compares with net earnings of $282.4m or $7.46 a share in 1984 when earnings were bolstered by a $21.5m extraordinary gain. Revenues fell to $6.38bn from $6.97bn.

Among the group's main units, United Airlines made a net loss of $88.2m and operating loss of $242.7m on operating revenues of $5.29bn compared with net earnings of $252.4m and operating earnings of $564.1m on revenues of $6.22bn a year earlier.

UAL added that Hertz, acquired at the end of August last year, posted net earnings in the final four months last year of $3.8m on operating revenues of $496.5m, while Westin Hotels boosted full-year net earnings to $35.1m on revenues of $503.8m compared with $17.9m on revenues of $556.5m a year earlier.

Loss provisions leave Hutton in the red

BY OUR NEW YORK STAFF

E. F. HUTTON, the Wall Street securities firm, which has suffered a series of embarrassing setbacks over the past 12 months, turned in $12.2m or 46 cents-a-share net loss in the final quarter of 1985.

The loss, which covers a period when the securities markets were booming and most Wall Street firms recording substantial earnings gains, results largely from the establishment of a $40.3m reserve. That was to cover potential losses stemming from the failure of Baltimore-based First American Mortgage (Famco) and possible losses on an outstanding $44m note receivable of an unidentified corporate customer, together with disappointing bond trading results.

The reserve provision comprised $14m to cover Famco, a broker and originator of second and third mortgages, and $26.3m to cover the note receivable, which is collateralised by stock in a closely held company. It more than offset the $23.2m estimated gain from the sale of E. F. Hutton Credit.

Hutton warned of a fourth-quarter loss in mid-December when it first announced plans to establish the reserve. The company says that although its early estimates of the provision required for its Famco dealings appeared adequate, it had decided after reviewing the collateral covering the note receivable to increase the previously planned $11.3m reserve by $15m.

The net loss compares with a profit of $24.3m or 94 cents a share in the last quarter of 1984 and came on revenues that grew to $889.3m from $864m. Commission revenues soared by 44 per cent to $188m and investment banking revenues gained 55 per cent to $101m, but Hutton noted that results were also depressed by a $13m decline in principal transaction revenues.

Hutton had earlier disclosed that it lost $7m on corporate and government bond trading during October and November, but said yesterday that strong trading results in the final month helped to offset those losses.

For the full year, net earnings were $43.7m or $1.53 a share on revenues of $3.1bn, compared with net earnings of $52.7m or $2.05 a share on revenues of $2.7bn in 1984. Then, earnings were bolstered by a $14.3m one-time tax benefit.

Mr Robert Forman, Hutton's chairman and chief executive, said: "We obviously faced extraordinary pressures in 1985. We are gratified that despite these pressures we achieved both record operating revenues and a decline in our operating expense growth."

Sharp fall by American Cyanamid

AMERICAN CYANAMID, the diversified US group, reported net income for the fourth quarter sharply down at $10.5m, or 24 cents a share, against $50.8m, or $1.04, last time, Our Financial Staff writes. Revenues edged ahead to $890m from $887.7m.

That took net income for the full year to $129.1m or $2.68 a share, down from $215.9m, or $4.41 last year. Sales were stagnant at $3.53bn.

The 1985 figures for both the quarter and the year include special provisions of $54.2m pre-tax for the curtailment and consolidation of chemical and fertiliser operations, and for environmental projects.

The 1984 figures include a gain of $4.2m for the quarter and $17.6m for the year from discontinued operations. For the whole of 1985 the gain was $5.9m. The sale of discontinued operations brought a further gain of $3m in the latest year.

Mr George J. Sella Jr, chairman, said the earnings decline was the result of the strong US dollar, which affected operations.

But he expected Cyanamid to give an improved performance in the coming year, and forecast significant growth in subsequent years.

Tenneco

Tenneco's 1985 profit from continuing operations was printed incorrectly in yesterday's edition. The correct figure is $431m.

This announcement appears as a matter of record only.

BHP

Commercial Paper Program

arranged for

BHP Finance (USA) Inc.

guaranteed by

The Broken Hill Proprietary Company

The undersigned acts as a dealer for this program.

The First Boston Corporation

January 13, 1986

We are pleased to announce that we will be acting as the dealer in the offering of commercial paper for

Kleinwort Benson U.S. Finance Incorporated

(Notes are unconditionally guaranteed by Kleinwort, Benson Limited)

Goldman Sachs Money Markets Inc.

New York Boston Chicago Dallas

Los Angeles Memphis Philadelphia

St. Louis San Francisco

Goldman Sachs

Starpoint Electrics Limited

has been acquired by

Bowthorpe Holdings PLC

BARCLAYS MERCHANT BANK LIMITED

initiated this transaction and acted as financial adviser to Starpoint Electrics Limited

The Homemaker Group

has been acquired by

Hunting Gate Group Limited

BARCLAYS MERCHANT BANK LIMITED

initiated this transaction and acted as financial adviser to The Homemaker Group

To the Holders of

WARRANTS

to subscribe for shares of common stock of

JUSCO CO., LTD.

(Issued in conjunction with an issue by Jusco Co., Ltd., (the "Company") of U.S. $50,000,000 8% Guaranteed Bonds Due 1988)

NOTICE OF FREE DISTRIBUTION OF SHARES AND ADJUSTMENT OF SUBSCRIPTION PRICE

Pursuant to Clause 4(A) of the Instrument dated July 18, 1983 under which the above described Warrants were issued, you are hereby notified that a free distribution of Shares of our Company at the rate of 0.05 share for each one share held will be made to shareholders of record as of February 20, 1986.

As a result of such distribution, the Subscription Price at which shares are issuable upon exercise of the Warrants will be adjusted pursuant to Condition 7 of the Warrants from 571.4 Japanese Yen to 544.2 Japanese Yen effective as of February 21, 1986.

JUSCO CO., LTD.

Dated: February 6, 1986

Weekly net asset value

Tokyo Pacific Holdings (Seaboard) N.V.

on 3rd February 1986 U.S. $117.02

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

NOTICE OF REDEMPTION

MEIDENSHA ELECTRIC MFG.CO., LTD.

7% CONVERTIBLE BONDS DUE 1994

Notice is hereby given that, pursuant to condition 6(E) of the terms and conditions of the above mentioned Bonds (the "Bonds"), all of the Bonds will be redeemed on 31st March 1986 (the "Redemption Date") at the price of 103% of their principal amount, plus accrued interest to the Redemption Date. Interest on the Bonds shall cease to accrue from and after the Redemption Date.

Payment will be made upon presentation and surrender of the Bonds, together with all unmatured coupons attached, at the offices of any of the paying agents.

THE CHASE MANHATTAN BANK N.A. London, as Trustee

Get your News early in Düsseldorf

Sie erhalten die Financial Times im Abonnement durch Boten zugestellt.

Näheres erfahren Sie von Financial Times, Europe Ltd., Guiollettstr. 54, 6000 Frankfurt/Main 1, Tel. 069/7598-0, Telex 416193

FINANCIAL TIMES

SULTANATE OF OMAN SURVEY

November 11, 1985

This 12-page Survey has been reprinted as a booklet and is now available at the price of £5.00 (including p&p). For your copy please send cheque/PO, payable to the Financial Times Limited, to:

Michael Hallaran,
Overseas Advertisement Department,
Financial Times, Bracken House,
10 Cannon Street, London EC4P 4BY

These securities having been sold, this announcement appears as a matter of record only.

Cable and Wireless plc

4,812,500 Ordinary Shares

These securities have been underwritten and placed in Canada by the undersigned.

Dominion Securities Pitfield Limited

Kleinwort, Benson Limited acted as financial advisors to Cable and Wireless plc.

December 1985

This advertisement is not to be construed as a public offering in any province of Canada of the securities mentioned herein. Such offering will be made only by a prospectus in those provinces where such prospectus has been accepted for filing by a securities commission or similar authority in such province.

Initial Public Offering and Secondary Offering

Cdn. $60,200,000

Four Seasons Hotels Inc.

4,300,000 Subordinate Voting Shares

Price: Cdn. $14.00 per Subordinate Voting Share

Wood Gundy Inc.

McLeod Young Weir Limited — Dominion Securities Pitfield Limited — Richardson Greenshields of Canada Limited

Nesbitt Thomson Bongard Inc. — Burns Fry Limited — Merrill Lynch Canada Inc.

Midland Doherty Limited — Walwyn Stodgell Cochran Murray Limited — Lévesque, Beaubien Inc.

Pemberton Houston Willoughby Incorporated — Bache Securities Inc. — Bell Gouinlock Limited

F. H. Deacon, Hodgson Inc. — Davidson Partners Limited — Molson Rousseau Inc.

Odlum Brown Limited — Casgrain & Company Limited — Gardiner, Watson Limited

McNeil, Mantha, Inc. — Scotia Bond Company Limited — Tassé & Associates, Limited

February 1986

The Royal Bank of Scotland Group plc

£200,000,000

Floating Rate Notes 2005

of which £100,000,000 has been issued as the Initial Tranche

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from 4th February, 1986 to 6th May, 1986, the Notes will bear a Rate of Interest of 13¼% per annum. The amount of interest payable on 6th May, 1986 will be £165.17 per £5,000 Note, and £1,651.71 per £50,000 Note.

Agent Bank

CHARTERHOUSE JAPHET

A member of The Royal Bank of Scotland Group

U.S. $75,000,000

Banque Worms

Floating Rate Notes Due 1994

Interest Rate	8 9/16% per annum
Interest Period	6th February 1986 6th August 1986
Interest Amount per U.S. $10,000 Note due 6th August 1986	U.S. $417.93

Credit Suisse First Boston Limited

Agent Bank

C. H. Tung given 90-day reprieve

By David Dodwell in Hong Kong

C. H. TUNG, the ailing Hong Kong-based shipping group, won crucial breathing space yesterday when main creditors agreed to resume cash disbursements to the group as part of a 90-day "temporary operating arrangement."

Meanwhile, Orient Overseas Holdings, the group's public arm, revealed that it will tomorrow unveil profit forecasts for the coming two years as it presses creditors to maintain support while a reconstruction of the group is hammered out.

Orient Overseas and its privately owned parent have debts amounting to US$2.4bn as a result of ambitious new ship ordering at a time when the world shipping industry has remained chronically depressed.

First signs of serious trouble emerged last September when Orient Overseas announced that it had arranged a HK$1bn (US$128.1m) line of credit from Hongkong and Shanghai Bank, its principal bank creditor, "to maintain its working capital position."

Orient Overseas operates about 55 vessels, 29 of them containers, and employs 5,000 people. Many of its current problems are understood to be due to the mixing of public interests with those of C. H. Tung.

Shearson Lehman Brothers, the US investment bank is advising the private group, revealed yesterday that the 22 financial institutions with charter hire agreements with C. H. Tung have agreed to release the funds paid to them under these arrangements.

The creditors have agreed to forgo loan and interest payments during the 90-day operating period, and are likely to have to make provisions against these losses in the current financial year.

Without yesterday's agreement, a collapse of the private group would have been certain.

NBK payout upsets Kuwaiti banks

BY KATHY EVANS IN KUWAIT

NATIONAL BANK of Kuwait has reported net profits of KD 23m ($80.5m) for 1985, an increase of 11.1 per cent over the previous year achieved despite a deepening regional recession. But its announcement of an unexpectedly high payout has embarrassed and angered the other five commercial banks in Kuwait, some of which are encumbered with a larger burden of the non-performing loans resulting from the Souk al Manakh stock exchange crash in 1982.

Mr Mohammed Abdul Mohsin al Kharafi, NBK chairman, said that a 20 per cent cash dividend would be distributed to shareholders—amounting to KD 11.6m compared with KD 5.53m in 1984. In addition, the bank announced a one-for-10 bonus share issue.

Assets declined by 2.5 per cent to KD 2.59bn. Loans, net of provisions also showed a decline from KD 1.22bn to KD 1.15bn. The falls in both are, however, regarded as a sign of general prudence and selectivity, given the current environment in Kuwait. International operations now account for 36 per cent of its total lending.

Analysts believe that the high dividend declared by NBK will add to the pressures on other banks. Inner reserves of the other banks are believed to be much less substantial than those of the longer established NBK.

A number of bankers accused NBK of attempting to "separate itself" from the rest of the Kuwait banking system and highlight its own success regardless of the impact such dividends might have on the overall confidence in the rest of the banking system.

NBK officials said in response that the results reflected the bank's early decision in 1981 to expand overseas in order to avoid the impending Souk crash. "We knew disaster was coming. If we did the job well, why should we be grouped with the rest?" asked one.

Mr Jassem Saadoun of Al Shall Economic Consultants, a prominent stock analyst, said that if results from the other banks were unsatisfactory, a drift in deposits could develop from other banks to NBK.

The results of the other five will depend largely on the outcome of the negotiations under way with the central bank concerning loan loss provisions.

Bad debts of the Kuwait banks are estimated at between KD 1.3bn and KD 2bn, out of total bank credit of over KD 5bn. The discussions on provisions have lasted some weeks, and have meant a delay in the publication of balance sheets.

Towards the end of last year, the central bank made it clear that it wanted the banks to provide adequate provisions for the loan losses expected from clients suffering from the Souk legacy. The central monetary authority is known to have requested banks to make 100 per cent provisions or loans past a year or more overdue.

Loans on which interest had not been paid for more than 180 days were to take a 45 per cent provision, and 60-day overdrafts and loans 90 days overdue would need 15 per cent provisions. On top of this, a provision of 5 per cent was to be required on cash account loans greater than KD 20,000.

These provisions being pushed by Mr Abdul Wahab Tamarr, the central bank governor, are now viewed in the financial community as too harsh and too impractical, particularly in the light of the NBK results. The Government on a number of occasions has stressed that it is ready to support the banking community if need be, either in the form of new capital, or soft long-term deposits.

However, the provision requirements, in the opinion of many, would be difficult for a number of the country's banks to fulfil in a single year.

The feeling is that the Government, too, will welcome confidence-boosting results from the banks. If the banks were to register losses, the impact on the stock market would be devastating. Bank shares are virtually the only active shares on the country's moribund stock market and signs have emerged in the last three weeks of a hesitant reverse in the downward trend which last year erased some $7.3bn from the book values of shares on the official market.

Moreover, if bank shares began to decline once more, further bank collateral would be left uncovered. Shares, together with land, represent the principal form of bank collateral in the country, and their erosion in value has caused losses to be registered by many of Kuwait's companies and investment houses.

First Pacific Holdings boosts profits

FIRST PACIFIC Holdings, the Hong Kong-based financial services group controlled by the Liem family and associates in Indonesia, reports a 41 per cent rise in 1985 net profits to US$8.63m, writes **David Dodwell**

Revenues rose 11 per cent to $168.5m. Mr Manuel Pangilinan, managing director, said the California-based Hibernia Bank, acquired in March 1983, doubled net income to $8.1m. First Pacific Trade Services, the London-based subsidiary established last May, incurred a start-up loss of $75,000.

Holmes à Court moves to smooth way for BHP bid

BY LACHLAN DRUMMOND

AUSTRALIAN financier Mr Robert Holmes à Court yesterday move to smooth the political and procedural way for his proposed A$1.93bn (US$1.34bn) bid for a further 20 per cent of Perth-based Broken Hill Proprietary (BHP).

A key element was a courtesy meeting with Senator John Button, the federal Industry Minister, who was the architect of the 1983 steel industry plan under which BHP—which has a near monopoly on steel production—received extended protection for a period of reconstruction. In return BHP pledged to outlay A$800m on modernisation.

Although neither would reveal the precise nature of the talks, Mr Holmes à Court later spelt out his enthusiasm for the steel operations of BHP, saying it was the division which interested him most and had the greatest potential for growth.

The Bell Resources board includes Mr Michael Edwards, a former chief executive of British Steel's international arm, and Bell has links with the advanced technology wing of BSC.

Mr Holmes à Court also met representatives of the National Companies and Securities Commission to outline his thinking on his bid proposal, which appears laden with conditions which would prevent its registration. While most of these conditions are expected to be removed before documents are lodged with the corporate authorities, the bid also could fall foul of planned changes to legislation on partial bids.

But Mr Holmes à Court confirmed yesterday that Bell was looking at a compromise partial takeover on lines proposed last year by merchant bank Capel Court.

This provides for a two-stage bid with acceptances *tallied* after an intial offer period. The bid would then be reopened to allow shareholders who had not accepted to reconsider should it appear that control in any case would change. This final acceptance would be taken *pro rata* from all the shares offered.

The effect could nonetheless come close to the proposed legislation which would require the bid to be pitched at a fixed proportion of each individual shareholding.

Such a bid could be structured to fit existing law but Mr Jim Kennan, the state Attorney General in Victoria BHP's home state, yesterday reiterated the view of the federal-state Ministerial Council on Companies and Securities that the new legislation—which could be enacted in the next two weeks—would cover all offers current at the time of enactment.

Against these uncertainties and further falls in world oil prices, shares in BHP retreated by as much as 30 cents before recovering to close at A$7.18, down 22 cents.

The BHP side interpreted this to mean that the market was ignoring the Bell proposal, while Bell saw the fall as reinforcing the attraction of its planned offer.

MMC in control at Kamunting

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA MINING Corporation (MMC), the biggest tin mining group in Malaysia, has reasserted its control over Kamunting Tin Dredging.

MMC's control of Kamunting came under strong challenge in 1984 from a group of dissident shareholders led by Datuk Koh Kim Chai, a lawyer and businessman.

The group, which then held more than 30 per cent of Kamunting compared with MMC's 24 per cent, had requisitioned an extraordinary general meeting to remove the MMC directors.

The meeting did not take place because of a legal obstacle, and was delayed for more than a year.

Kamunting has now reconvened the meeting for March 3.

It is understood that during the past year, many of Datuk Koh's supporters have sold off their shares to parties friendly to MMC so that there is now little chance of Datuk Koh pushing through the resolutions.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1984							
4th qtr.	103.5	101.3	106	112.7	164.0	3,103	153.9
1985							
1st qtr.	106.0	102.7	105	113.4	133.9	3,138	153.6
2nd qtr.	108.2	103.5	109	115.0	141.4	3,174	161.7
3rd qtr.	108.4	103.8	94	116.3	145.2	3,179	164.4
4th qtr.				116.6	177.7	3,174	168.2
May	108.6	103.4	109	115.3	142.0	3,177	160.7
June	107.6	104.0	118	115.9	141.8	3,169	163.4
July	107.7	103.3	90	115.9	146.9	3,175	163.0
August	108.1	104.1	95	117.5	145.4	3,183	162.9
September	109.4	103.9	97	115.6	143.7	3,179	167.3
October	109.4	104.7	102	115.0	149.3	3,173	172.6
November	110.7	105.4		117.4	164.8	3,167	170.0
December				117.3	210.4	3,184	162.1
1986							
January						3,205	

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1984							
4th qtr.	102.5	98.6	106.2	100.0	106.0	99.3	13.3
1985							
1st qtr.	102.6	102.2	109.3	103.3	111.5	99.0	13.8
2nd qtr.	102.4	103.5	113.2	104.4	116.3	99.2	18.6
3rd qtr.	105.0	102.1	113.1	102.5	118.0	103.7	17.1
June	104.0	103.6	111.4	104.0	118.0	102.0	17.9
July	104.4	101.3	112.3	102.0	117.0	103.0	18.4
August	105.5	102.4	113.2	103.0	120.0	105.0	15.5
September	105.2	102.7	114.8	103.0	117.0	103.0	17.4
October	104.8	105.6	113.5	105.0	114.0	104.0	20.1
November	106.4	104.8	115.5	105.0	116.0	106.0	16.8

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1985							
1st qtr.	120.5	128.5	−1,283	−408	+1,862	96.5	13.53
2nd qtr.	120.6	126.0	−222	+1,435	+2,368	98.2	14.32
3rd qtr.	115.0	123.7	−543	+1,162	+1,932	100.6	14.18
4th qtr.	119.6	127.1	−7	+1,359	+2,087	101.9	15.54
June	118.4	126.9	−216	+336	+843	99.1	14.32
July	117.0	123.0	−77	+491	+663	99.4	14.26
August	113.4	123.3	−236	+333	+626	101.3	14.26
September	114.6	124.7	−230	+338	+644	101.1	14.18
October	119.1	125.7	0	+400	+760	101.2	16.31
November	118.9	129.1	−132	+268	+675	102.6	15.98
December	120.7	126.5	+125	+691	+652	102.0	15.54
1986							
January							15.60

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1985							
1st qtr.	2.2	0.7	9.1	15.2	1,511	3,112	13.50
2nd qtr.	3.1	32.4	20.4	19.2	1,523	3,068	12.50
3rd qtr.	5.5	15.4	11.6	17.5	1,771	3,340	11.50
4th qtr.	1.4	25.1	17.8	17.7	2,299	3,379	11.50
May	4.2	33.2	18.4	17.7	615	1,037	12.63
June	5.7	44.6	25.1	20.2	401	974	12.50
July	4.4	19.1	8.3	16.8	650	1,109	11.50
August	2.4	22.9	14.4	21.8	524	1,113	11.50
September	1.1	5.2	12.3	14.1	597	1,118	11.50
October	1.5	24.9	19.8	18.7	796	1,124	11.50
November	3.0	21.5	20.4	17.6	638	1,078	11.50
December	2.7	29.1	14.2	17.0	865	1,177	11.50
1986							
January							12.50

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); *FT* commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1985							
1st qtr.	163.4	146.2	136.6	362.9	332.8	298.22	72.0
2nd qtr.	170.3	138.8	139.4	375.3	339.4	278.13	78.9
3rd qtr.	174.4	133.1	140.2	376.3	335.5	251.12	83.2
4th qtr.		132.6	141.3	378.1	337.4	n/a	79.8
June	171.9	136.7	139.6	376.4	340.1	278.13	79.9
July	173.7	133.9	139.9	375.7	335.3	259.51	83.6
August	173.4	132.8	140.1	376.7	335.3	254.24	81.6
September	176.1	132.7	140.5	376.5	335.8	251.12	81.4
October	173.9	131.3	140.8	377.1	335.5	249.46	80.4
November	176.7	131.8	141.4	378.4	337.4	n/a	80.0
December		134.7	141.7	378.9	339.4	n/a	79.1
1986							
January						n/a	76.6

* Not seasonally adjusted.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE JANUARY 31, 1986

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	10.113	−0.404	12.260	10.017
Canadian Dollar	11.554	−0.164	13.190	11.074
Euroguilder	6.114	−1.036	7.790	6.084
Euro Currency Unit	9.477	0.360	10.330	9.190
Sterling	11.680	−2.120	11.932	10.770
Deutschemark	6.791	−0.338	7.830	6.784

Bank J. Vontobel & Co. Ltd., Zurich - Telex: 812744 JVZ CH

INTERNATIONAL COMPANIES and FINANCE

Canada sets record with $1bn issue

BY MAGGIE URRY

THE STRENGTH of the New York bond market on Tuesday night brought out a rash of new Eurodollar bond issues yesterday, though prices yesterday were barely changed. Best deal of the day was a $1bn 10-year issue for Canada which met a strong response, and was increased from $750m to make it the largest fixed-rate Eurobond ever.

"It is just what the market wants," said one trader adding that the pricing was correct and the name well liked. Deutsche Bank Capital Markets led the issue which has a 9 per cent coupon and 100¼ issue price. Fees total 2 per cent and the bonds were trading inside that discount at around 98¼.

Some dealers suggested that the issue was more attractive than the new US Treasury 10-year bond auctioned last night.

Also successful was another Canadian borrower, the province of Saskatchewan, with a $150m five-year deal. This was led by *Credit Suisse First Boston* who priced it to give the borrower a cost of funds about 40 basis points above US Treasury yields.

The coupon is 9½ per cent and issue price 99¼. Fees are 1¾ per cent and the bonds were trading at a discount of 1½ points.

But General Electric Credit Corporation (GECC) had a poor reception for its $300m seven-year issue, which can be extended to 2011 on new terms.

The coupon for the first period is 8⅞ per cent and issue price is 100½. With fees of 1⅞ per cent *GECC was getting funds* at a cost of only 18 basis points about Treasury yields at the time of launch. That margin was regarded as much too slim and the bonds were bid well outside the fees at a discount of 2¾ per cent. Merrill Lynch won the competitive bidding.

The issue was not helped by Salomon Brothers syndicating a $75m five-year bond created by exercising warrants issued with an earlier GECC deal. This bond has a five-year life, but is callable after three years, and has a 12⅞ per cent coupon. Salomon set the issue price at 112¼ and fees at 1½ per cent.

Late in the day Mortgage Bank of Denmark launched a $100m five-year issue led by Daiwa Europe. Terms on this issue also looked tight with a 9⅜ per cent coupon and 101¼ issue price.

In the floating-rate note market, Societe Generale posed an intellectual problem for traders with a $270m issue which comes with 300,000 warrants priced at $100, raising a further $30m. The package gives the borrower cheap funds but was regarded as too complex by many in the market.

The floater pays a generous coupon of ⅜ per cent above six-month London inter-bank offered rate (Libor) and has a seven-year life. But there is an interest rate cap of 12 per cent which was not popular. The floater can be called as the warrants are exercised to limit the total amount of debt outstanding.

The warrants have a three-year life and pay an annual coupon of $8.50. They can be used to buy a fixed-rate bond with the same final maturity as the floater. It will pay a 9 per cent coupon and the price warrant holders will pay is 90.

The floater was trading outside the commissions of 50 basis points though the warrants traded a little above their issue price.

Another floater was launched for Citizens Federal Savings and Loan which raises $100m. This will be collateralised by US Government paper so it comes in targeted registered form. The 10-year issue will pay 15 basis points above six-month Libor and issue price is par. Fees total 60 basis points and lead manager Shearson Lehman Brothers International quoted the bonds *within that discount*, bid at 99.45.

In the equity-linked sector, apart from the Burton issue, Thomson Brandt, the French electronics group, launched a $50m 10-year issue convertible into ordinary shares. The coupon was indicated by lead manager Banque Paribas at 8 to 8½ per cent and the conversion premium at around 25 per cent. Fees total 2½ per cent but the issue was quoted above par. Another issue is expected in the Swiss franc foreign bond market.

In the non-US dollar sectors, *the rush of Australian dollar* bonds continued, although investor demand is fast drying up. New issues got off to a slow start. Toronto-Dominion Bank launched a A$50m three-year issue with a 14¾ per cent coupon and 100¾ issue price, led by Salomon Brothers. Denmark chose the same issue size and maturity for a 14¾ per cent bond priced at 100⅞ by Bank-America Capital Markets. Fees on both are 1½ per cent and both were trading at a greater discount to issue price.

Older deals have fared better and Schroder Wagg yesterday increased the issue for DSL Bank from A$40m to A$55m. That had a five-year life and a 14½ per cent coupon with a 100⅞ issue price.

The Canadian dollar sector is also more active and Orion Royal Bank launched a C$40m 10-year deal for Ville de Laval, a BBB rated borrower. The coupon at 10¾ per cent and issue price at 99¾ offered a better yield than last week's deals. It was trading around the 2 per cent fees.

● Credit Suisse First Boston is leading an issue of 250,000 call warrants to buy the new US Treasury 10-year bond auctioned yesterday, at a price 2 points above the average price. The warrants are priced at $17½ and have a one-year life.

Unusual equity warrants deal for Burton Group

BURTON GROUP, the UK clothes retailer and department store operator, launched an unusually structured Eurodollar bond issue with equity warrants yesterday, initially raising $100m. The deal, led by S. G. Warburg, met a good response in the market, trading above the issue price.

Normally bonds with equity warrants have a low coupon and investors must buy the shares at a premium. In this case, however, the $80m bond issue has a full 9⅞ per cent coupon for its five-year life and the warrants can be exercised at any time over the issue's life into Burton shares at a price of 544p, only a few pence above the current market level. In return, investors must pay for the warrants through an issue price for the package of 125. Each $5,000 bond carries 836 warrants, each of which will buy one share.

The company is swapping the proceeds into sterling, receiving £72m at an effective interest rate of 7⅞ per cent. A further £72m will be forthcoming if all the warrants are exercised. In that event, the present share capital will be increased by just under 5 per cent.

The proceeds are being used to refinance short-term debt taken on when Burton acquired Debenhams last summer for about £600m.

With a large part of the issue pre-placed, the package was trading around 126½. On their own the bonds were quoted at about 98½, while the warrants in sterling terms were seen at about 110p a share, up from an implied price of about 100p. Fees on the issue totalled 2½ per cent of the $80m principal amount.

See Lex

Warm welcome for Credit Foncier in FFr sector

THE FRENCH franc Eurobond market gave a warm welcome yesterday to a FFr 500m issue for Credit Foncier, the French property financing group. The deal is the first in this sector to use the "harmless" warrants formula as well as the extendible retractable feature.

Lead manager is Banque *Nationale de Paris.*

The bonds have an initial seven-year life, extendible to 12 years, and pay a 10½ per cent coupon with a 99½ issue price. The coupon will be refixed after seven years, when there are call and put options.

The bonds are non-callable for four years, during which time the warrants, priced at FFr 225, can be exercised only by surrendering the host bond. They buy a non-callable bond with the same terms. After four years the warrants are *exercisable for cash. The bonds* traded around 99½ while the warrants rose to around FFr 240.

In other continental markets, the Swiss franc foreign bond sector was active, with new issues being brought once again. Trans-Canada Pipeline is raising SFr 104m which will be swapped into dollar debt. The bonds mature in February 1993 and pay a 5 per cent coupon with a par issue price. UBS is lead manager.

K Line, the Japanese shipping group, launched a SFr 100m seven-year issue, led by Credit Suisse, with an indicated yield of 5½ per cent.

No new issues were launched in the D-Mark sector, though Tuesday's World Bank zero-coupon issue seems to have been well absorbed already. Secondary market prices were unchanged or slightly better in fairly active business, helped *by the improving New York* market.

UK and US to discuss options and futures links

By Alexander Nicoll

THE US Securities and Exchange Commission is expected to hold talks within the next two months with Britain's Department of Trade and Industry on links between futures and options exchanges in the two countries.

Two proposals have been made for fungible contracts, which could be bought, for example, on one exchange in London and sold later in the day on a US exchange, with the trader having only one set of clearing and margining arrangements.

The Chicago Board of Trade and the London International Financial Futures Exchange (Liffe) plan jointly to trade yen bond futures, while the London and Philadelphia stock exchanges want to link their currency option contracts.

Surveillance of such trading is likely to be the main topic of discussion between the regulators, with each side sensitive to the possibility that the jurisdiction of the other might be extended into its own.

The other main questions surrounding fungibility are clearing methods, which have proved difficult to agree for the planned options link, and tax treatment.

Also expected to feature in the SEC/DTI discussions is the CBOT's application pending to trade futures contracts on the Financial Times-Stock Exchange index of 100 leading UK shares. Liffe already has a similar contract. Mr John Gilmore, CBOT chairman, said yesterday in London that the exchange has answered most of the questions raised by the SEC on its application, but the US regulator's main worry would be whether the index might be open to manipulation.

The SEC had also questioned the methods of compilation of the index, including the collection and type of prices which make it up. Mr Gilmore said changes in price reporting under way this year in London's Big Bang restructuring would be likely to satisfy the SEC.

Mr Gilmore said the CBOT was keen to establish fungible contracts where this was clearly of benefit to both exchanges involved. In this context, he ruled out linking the CBOT's active Treasury bond contracts to, for example, those of Liffe. "The *perception in Chicago is* that it would be very beneficial to Liffe and not to the Board of Trade," he said.

Chicago Exchange to fight time stamping, Page 36

Tokkin funds doubled

By Yoko Shibata in Tokyo

THE OUTSTANDING balance of Tokkin specific money trust funds at the end of 1985 totalled Y5,372bn, up by 1.9 times from a year earlier.

Tokkin funds are portfolios, established by cash-rich Japanese corporations administered by trust banks and managed by investment advisory companies, mostly affiliated with major brokerage houses.

The amount of Tokkin funds invested in high-yielding overseas bonds was raised by 6.1 times to Y1,099bn, accounting for 20.5 per cent against only 7 per cent. *The amount invested* in equities also jumped 2.7 times to Y2,030bn to account for 27 per cent of the total compared with 20 per cent a year earlier.

DOMESTIC BOND MARKETS

Tokyo lower on dollar's rise

THE YEN bond market closed lower after the dollar's slight recovery triggered selling by institutional investors.

The yield of the benchmark No 78 6.2 per cent 10-year Government bond was 5.620 per cent in late trading against 5.575 per cent on Tuesday and the yield of the actively traded No 80 6.5 per cent was 5.645 per cent against 5.570 per cent.

Prices have edged down on the lack of buying incentives and operators have moved to the sidelines awaiting the result of the US Treasury's auctions and January US unemployment data due out this week.

Active session in Frankfurt

IN FRANKFURT, prices of domestic bonds ended a moderately active bourse session mixed, with some domestic investors opening fresh positions but foreigners remaining absent.

The long end of the market fluctuated between losses of 20 pfennigs and gains of 10 pfennigs. Short maturities saw 15 pfennig rises and 10 pfennig falls.

Uncertainty about US interest rates and Bundesbank comments that a cut in German interest rates would be counterproductive and short-sighted deterred investors.

The Bundesbank sold DM 20.4m of domestic paper after selling DM 49.5m on Tuesday.

Agencies

SNCF to launch hybrid FRN/Euronote facility

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SNCF, French state railways, has appointed Shearson Lehman Brothers International as adviser on its long-awaited $600m, ten-year loan facility in the Euromarkets.

The deal will be launched within the next two or three weeks under a complex and innovative structure which Lehman humorously describes as a Securitised Note Commitment Facility—or SNCF.

It involves the sale of a $60m floating-rate note, holders of which will be continuously committed to purchase up to a further $540m in three-month Euronotes at a yield ⅛ per cent above the London interbank offered rate for Eurodollar deposits (Libor).

The deal will back up regular issues of commercial paper in the US market, where SNCF has about $300m outstanding, as well as fresh issues of commercial paper in the Euromarkets.

Lehman said yesterday that the deal takes a stage further the process of securitisation of the bank credit market because the floating-rate note structure makes tradeable the credit commitments normally required of banks to back up Euronote issuance *facilities.*

It will also result in lower overall costs to the borrower than the $700m deal for Gaz de France late last year, which tested the limit of commercial bank willingness to provide underwriting commitments at very fine rates on conventional facilities.

Credit *Lyonnais* will run the books on the floating-rate note, which will carry a generous margin of ¼ per cent over six-month Libor to compensate for the additional commitment to purchase Euronotes. The bond will be registered so that the borrower can track these commitments.

It is, however, unlikely that investors will ever be called on to purchase Euronotes, since the current going rate for SNCF Eurocommercial paper would be well below the bid rate for Eurodollar deposits.

The Euronote commitments attached to the floater thus simply provide a cap on the cost to SNCF of borrowing in the short-term money markets. Appointment of dealers in Eurocommercial paper will be handled separately from the present operation.

Holders of the bonds which *do not live up to their Euro-*note commitments will forfeit the paper. In the first year they will lose all their principal amount, though in later years they would be repaid a portion of their investment starting at 10 per cent.

If that happens, guarantor banks will be committed to take on the forfeited bonds, though the discounts created in the forfeiture process would effectively add a full 1 percentage point fee for contingent liability involved in the Euronote commitment.

Lehman said the guarantor banks were needed to satisfy US rating agencies. Banks which agree to take on a *guarantor role* will automatically be entitled to a lead position in the floating rate note and a share of the 15 basis point commissions which apply to the full $600m.

The structure of the deal, which is a hybrid between the floating rate note market and the Euronote market, is cheaper and more flexible than the partly-paid floating rate note concept pioneered last year by Banque Nationale de Paris and Credit Suisse First Boston, which sought to address some of the same problems.

NZ restructures on fine terms

BY OUR EUROMARKETS STAFF

NEW ZEALAND'S Euronote facility is being reduced from $1.5bn to $1bn under terms which emerged yesterday. The move forms part of a larger programme to refinance its debt at cheaper rates.

Banks which took part in the 1984 deal will be invited by Citicorp to take part in the scaled-down version, in which fees and spreads are trimmed. The borrower also has greater flexibility; it may issue notes of any maturity between one week and one year, instead of only three, six and 12 months.

The cost of drawing on the standby credit is cut from 15 to 10 basis points above London interbank offered rates (Libor).

Adjustments to arrangements for making money available to be drawn will reduce the minimum facility fee to 5 basis points, while leaving the maximum at 10. The penalty for drawing on portions technically "unavailable" at any given time is cut from 2½ to 1¾ basis points. Utilisation fees are halved, with the cost of drawing on the final third now 12½ basis points.

The refinancing deal for Sweden, also being led by Citicorp, has been oversubscribed above its $2bn target — also scaled down from $4bn in the original facility. Total subscriptions are understood to be about $3bn, but the amount is not to be increased.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on February 5

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amev 10⅛ 92	100	103⅞	104⅜	−0⅛	+0⅛	9.50
Amax Credit 10⅞ 90	100	105⅝	106⅛	0	+0⅛	9.12
Atlan. Richfield 10⅛ 00	250	101⅛	101⅞	0	+0⅛	10.01
Australia Com. 11 95	200	109⅝	110⅛	−0⅛	+1⅛	9.32
Australia Com. 11⅛ 00	100	111⅛	111⅝	−0⅛	+1	9.74
BP Capital 11⅛ 92	150	107	107½	0	+0⅛	9.49
Campbell Soup 10½ 95	100	107⅛	107⅝	+0⅛	+0⅛	9.25
Canada 11½ 90	500	109⅜	109⅝	0	+0⅛	8.69
Canadian Pac. 10⅛ 93	100	104⅞	105⅜	+0⅛	−0⅛	9.73
Canadian Pac. 12½ 99	75	110⅝	111⅛	−0⅛	0	10.92
CEPME 10⅛ 91	100	104⅜	104⅞	+0⅛	+0⅛	9.05
Chevron USA 12⅞ 89	600	105	105½	0	−0⅛	10.43
Citicorp 10 88	200	102⅜	102⅞	0	+1	8.78
Citicorp 10⅝ 95	200	102⅜	102⅞	−0⅛	+0⅛	10.17
Coca Cola 11⅜ 91	100	107⅝	108⅛	−0⅛	+0½	9.84
Denmark Kgdm. 11⅛ 89	100	105⅞	106⅜	0	+0⅛	8.98
Denmark Kgdm. 11½ 90	100	107⅝	108⅛	0	+0⅛	9.16
Denmark Kgdm. 11½ 92	100	108⅞	109⅜	0	+0⅛	9.46
EDF 10 95	225	102⅝	103⅛	−0⅛	+0⅛	9.51
EEC 9⅝ 90	350	102⅜	102⅞	0	+0⅛	8.94
EIB 10⅛ 94	200	104⅜	104⅞	−0⅛	+0⅛	9.47
EIB 12 95	200	114½	115	−0⅛	+1⅛	9.52
Eli Lilly 10⅛ 92	150	106⅜	106⅞	0	+0⅛	8.90
Equit. Lrd. Rlty. 10½ 97	100	101⅞	102⅜	−0⅛	+0⅛	10.18
Export Dev. Cpn. 10 90	100	104⅛	104⅝	0	+0½	8.72
Export Dev. Cpn. 12 89	100	109⅝	110⅛	−0⅛	+0⅛	8.76
Fed. Dep. Strs. 10⅛ 95	100	103½	104	0	+0⅛	9.48
Ford Motor Crd. 10½ 91	150	103½	104	−0⅛	+0⅛	9.59
Ford Motor Crd. 11⅛ 90	100	105⅞	106⅜	0	+0⅛	9.47
Ford Motor Crd. 12 95	100	109⅜	109⅞	+0⅛	+0⅛	10.33
Gen. El. Cred. 10⅛ 00	200	103⅝	104⅛	0	+0⅛	9.72
GMAC 10⅛ 89	200	103⅝	104⅛	−0⅛	+0⅛	8.77
GMAC 10⅛ 92	250	103½	104	0	+0⅛	9.47
IADB 9⅞ 95	200	102	102½	−0⅛	+0½	9.51
IADB 10½ 95	150	106	106½	0	+0⅛	9.46
Kellogg Co. 10⅞ 90	100	105	105½	−0⅛	+0⅛	9.22
Kellogg Co. 11⅛ 92	100	107⅛	107⅝	−0⅛	0	9.52
LTCB 12⅞ 91	100	114⅞	115⅜	−0⅛	+0⅛	9.32
Nippon Cr. Bk. 10⅝ 95	150	105⅞	106⅜	0	+0⅛	9.63
Pillsbury Co. 10⅝ 93	100	102⅝	103⅛	0	+0⅛	9.68
Proct. & G. 'A' 9⅞ 92	150	102	102½	0	0	9.40
Pru Realty S. 12⅞ 95	546	111⅝	112⅛	0	+0⅛	10.05
Qantas Airways 10⅛ 95	140	105⅞	106⅜	0	+0⅛	9.36
Quebec Hydro 11⅛ 92	100	108⅜	108⅞	0	+0⅛	9.62
Queensld. Gvt. 10⅛ 95	100	104⅜	104⅞	−0⅛	+0½	9.49
Ralston Purina 11⅜ 95	150	109⅝	110⅛	+0⅛	+0½	10.02
Ralston Purina 12⅜ 89	100	110⅛	110⅝	−0⅛	+0⅛	9.26
Saskatchewan 10⅛ 92	100	106⅞	107⅜	0	+0⅛	9.17
Saskatchewan 11⅞ 89	100	108⅜	108⅞	−0⅛	+0⅛	8.80
Statoil 10 90	170	103⅜	103⅞	0	+0⅛	8.95
S. Wales Trsy. 11⅛ 90	150	107⅞	108⅜	−0⅛	+0⅛	9.03
Swed. Exp. Cred. 10 92	100	103⅝	104⅛	+0⅛	+0⅛	9.13
Sw. Ex. Cr. 12⅛ 89 XW	100	107⅞	108⅜	0	+0⅛	9.59
Sweden Kgdm. 10⅞ 90	200	106½	107	0	+0⅛	8.87
Sweden Kgdm. 11½ 89	200	108⅛	108⅝	0	+0⅛	8.81
Sweden Kgdm. 11⅛ 94	100	110⅝	111⅛	0	+0⅛	9.81
Tenneco Cpn. 10⅛ 95	150	104⅝	105⅛	0	+2⅛	9.91
Utd. Tech. Fin. 10⅝ 95	100	104⅝	105⅛	0	+0⅛	9.80
Victorian Rep. 11⅛ 92	150	109⅝	110⅛	−0⅛	+0⅛	9.45
World Bank 10⅛ 95	300	104⅞	105⅜	+0⅛	+0⅛	9.28
World Bank 12⅞ 94	200	118⅝	119⅛	+0⅛	+1	9.53
Average price changes... On day 0 on week +0⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	106½	107⅛	+0⅛	0	6.92
Austria Republic 7⅛ 94	200	106	106⅝	+0⅛	+0⅛	6.59
Baxter Travenol 7⅛ 94	200	102⅜	103	−0⅛	0	6.81
Copenhagen 7⅞ 95	150	102⅝	103⅛	0	+0⅛	6.92
Credit National 8⅛ 94	200	107⅛	108	+0⅛	+0⅛	6.86
Dow Chemical 6⅞ 95	300	101⅝	102⅜	+0½	+0⅛	6.47
EIB 7⅛ 94	300	103⅜	104⅛	0	0	6.63
ESCOM 8 92	150	95⅛	95⅞	−0⅛	+1⅛	8.94
Ex.Im. Bk. Korea 7⅞ 90	100	100⅝	101⅛	−0⅛	0	7.36
Ferrovie Dello St. 8 91	100	104⅝	105⅝	−0⅛	+0⅛	6.81
Finland Republic 7 92	200	102⅝	103⅛	+0⅛	0	6.38
Gould Int. Fin. 7⅛ 91	100	104⅜	105⅛	+0⅛	+0⅛	6.45
Ireland 8⅞ 92	150	105½	106⅛	+0⅛	+0⅛	6.94
Japan Fin. Con. 7⅛ 91	100	104⅝	105⅛	+0⅛	0	6.54
Mtsbshi. H. 3⅛ 89 WW	300	160	161⅛	−0⅛	−0⅛	−11.37
Mtsbshi. H. 3½ 89 XW	300	92⅝	93⅜	−0⅛	+0⅛	5.98
Mtsbshi. M. 3⅛ 89 WW	100	105⅝	106⅝	−0⅛	−0⅛	1.48
Mtsbshi. M. 3⅛ 89 XW	100	91⅛	92⅛	+0⅛	+0⅛	5.55
Quebec-Hydro 7⅛ 95	200	104	104⅝	−0⅛	−0⅛	6.49
Renfe 7⅛ 95	100	104⅜	105⅛	+0⅛	−0⅛	7.00
Soc. C. Nuclear 7⅛ 95	150	101½	102⅛	0	+0⅛	6.98
Soc. C. Nuclear 8 91	100	105⅛	105⅞	−0⅛	−0⅛	6.74
S. Africa Tran. 7⅞ 92	100	92	92⅝	+0⅛	0	9.18
World Bank 7 95	800	103⅛	103½	+0⅛	−0⅛	6.51
Average price changes... On day 0 on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap. Con. 5⅝ 94	130	†101⅛	101½	+0⅛	+0⅛	5.17
Br. Land Comp. 6½ 99	75	†104⅛	105	0	0	5.97
Council of Europe 6 92	120	†103⅜	104	+0⅛	−1⅛	5.30
Creditanstalt 5½ 94	100	†101	101⅛	0	+0⅛	5.34
Deutsche Bk. 5⅛ 95	100	†103	103½	−1⅛	+1⅛	4.92
EIB 5⅞ 94	120	†103	103⅝	0	+0⅛	5.41
Gen. Occidentale 4½ 94	80	†109	109⅛	0	−2½	3.29
Glendale F. S&L 5⅛ 95	100	†99	99⅛	0	0	5.62
Ind. F. Finland 5⅜ 94	40	*†101⅛	102	+0⅛	−0⅛	5.47
Int. Am. Dv. Bk. 6⅛ 94	120	†103⅜	104	−1	+0⅛	5.59
N. Zealand Steel 5⅞ 96	70	*†101	101⅛	0	0	5.61
Oheros. Kitwk. 5⅞ 95	100	†102⅜	103	+0½	+1	4.87
Olivetti Intl. 5⅜ 95	100	†102	102⅞	+0⅛	0	5.21
Pepsico 5⅞ 95	130	†102½	102⅜	0	0	4.98
Ralston Purina 5⅜ 94	125	*†102½	102⅜	−0½	−0½	4.99
Santos Finance 6 94	130	†101	101⅛	−0⅛	0	5.83
Tokyo Elec. Pr. 5½ 93	120	†103⅜	104	−0⅛	+0⅛	4.83
Tokyo Metropolis 5⅛ 94	80	†101⅛	102	+0⅛	−0⅛	4.98
World Bank 5⅛ 94	150	†104	104⅛	0	+0½	5.16
Average price changes... On day −0⅛ on week −0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied-Signal 6⅞ 93	20	99	99½	−0⅛	−0½	6.69
Caisse Nat. Tel. 6⅞ 92	25	98½	99	−0⅛	+0⅛	6.48
Ford Motor Crd. 6⅞ 91	20	99	99½	−0⅛	−0⅛	6.95
Goodyear T. & R. 7⅛ 95	25	101	101½	−0⅛	−0⅛	6.94
Mt. Bk. Denmark 7 92	10	101½	101⅞	−0⅛	+0⅛	6.73
Average price changes... On day −0⅛ on week −0⅛						

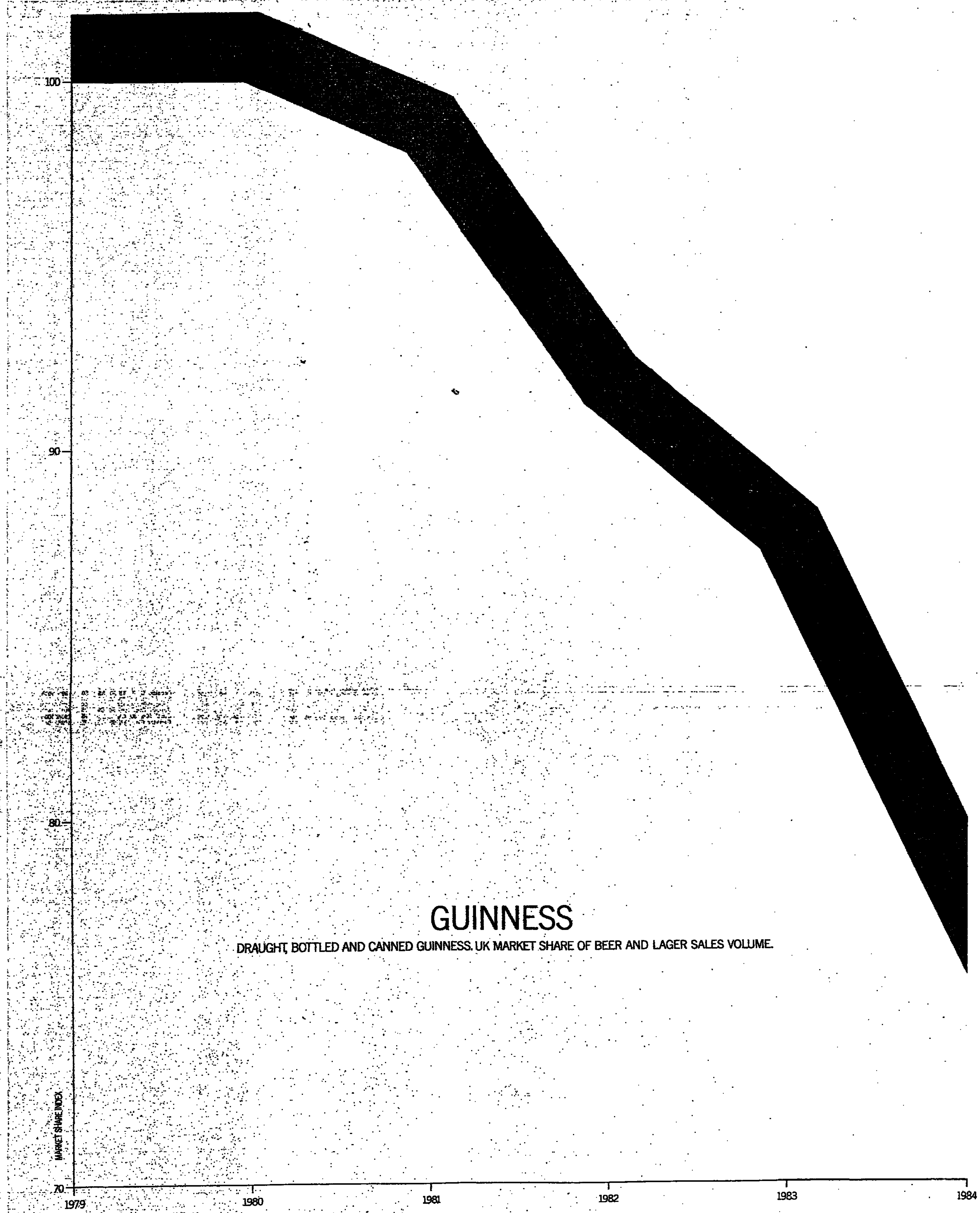
OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Barclays Au. 12⅝ 90 A$	50	92⅛	93⅛	0	+0⅛	14.74
Creditanstalt 12⅞ 90 A$	60	98⅛	99⅛	0	+0⅛	13.20
Pepsico C. R. 13 90 A$	50	99⅛	100⅛	0	−0⅛	12.92
Swed. Ex. Cr. 13 88 A$	40	98⅛	99⅛	0	+0⅛	13.58
Amex 10⅛ 90 C$	60	103⅛	103⅝	0	−0⅛	9.73
Canad. Pac. 10⅛ 90 C$	75	101⅛	101⅝	0	−0⅛	9.86
CIBC 10⅛ 90 C$	75	†99⅝	100⅛	0	0	10.75
Genstar Fin. 11⅛ 95 C$	75	103⅞	104⅛	0	+2⅛	11.00
Montreal 11⅞ 95 C$	75	102⅛	102⅝	−0⅛	−0½	11.06
Rvl. Trustco 10⅛ 90 C$	75	97½	98	−0⅛	−0⅛	10.98
Sears Acc. 10⅛ 92 C$	75	†100	100½	+0⅛	−0⅛	10.54
Coca-Cola F. 17 90 NS	75	102⅛	103⅛	0	+0⅛	15.93
Kredtbk. Lux. 17 88 NS	70	99	100	0	0	17.10
Nordic I. Bk. 18 88 NS	50	98⅛	99⅛	0	0	18.33
Copnhgn., C. 9 95 Ecu	40	98⅞	99⅜	−0⅞	+0⅛	9.11
Eutelsat 9 93 Ecu	50	99⅛	100⅛	−0⅛	+0⅛	9.04
Walt Disney 8⅛ 94 Ecu	63	98⅞	99½	−0⅛	+0⅛	8.90
Honda WW 3⅞ 90 Fl	100	104⅛	105⅛	+0⅛	−0⅛	2.58
Honda XW 3⅞ 90 Fl	100	90⅛	91⅛	−0⅛	0	6.43
Thyssen 7⅛ 90 Fl	50	103	103½	+0⅛	+0⅛	6.39
Wereldhave 7½ 90 Fl	75	102⅛	103	+0⅛	+0⅛	6.75
Wessanen 6⅝ 90 Fl	50	100⅛	101⅛	+0⅛	+0⅛	6.48
Mobil Cpn. 11⅛ 90 FFr	500	104⅛	104⅞	−0⅛	0	9.87
Amev 11 93 £	50	95	95½	+0⅛	+0⅛	12.04
Australia Com. 11 92 £	40	96⅛	97⅛	+0⅛	+0⅛	11.69
EIB 11⅛ 93 £	50	98⅛	99⅛	+0⅛	+1⅛	11.24
GMAC UK F. 10⅞ 90 £	30	97⅛	97⅞	+0⅛	+1	11.26
Imp. Ch. Ind. 11⅛ 95 £	75	96⅞	97⅜	+0⅛	+0⅛	11.74
Imp. Ch. Ind. 10⅛ 92 £	75	95⅛	95⅞	+0⅛	+1⅛	11.76
McDonalds 10⅝ 90 £	40	97⅝	98⅛	+0⅛	+1	11.52
Mtsbshi. F. HK 11 90 £	50	97⅛	98⅛	+0½	+1⅞	11.55
NSW Trasy. 10⅛ 92 £	50	94⅛	95⅛	+0⅛	+0⅛	11.70
Rank Xerox 11 92 £	40	96⅞	96⅛	+0⅛	+0⅛	11.31
Royal Ind. 10⅛ 92 £	60	94⅛	95	+0⅛	+0½	11.92
J. Sainsbury 10⅞ 93 £	60	95	95½	+0⅛	+0⅛	11.91
Tricentrol XW 11 92 £	35	90⅛	91⅛	+0⅛	+1⅛	13.11
Tathse. Forte 11⅛ 90 £	50	97	97½	+0⅛	+0⅛	11.98
World Bank 11⅛ 95 £	100	99⅛	99⅝	+0⅛	+1	11.32
COE 8⅞ 95 LFr	600	99⅞	99⅞	+0⅛	+0⅛	8.95
N. Lux. Al. 10⅛ 92 LFr	600	103⅞	104⅛	0	+0⅛	9.63

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Abbey National 5 2000 £	0⅛	99.19	99.24	15/1	11⅛
Anglia Bldg. S. 5 98 £	0⅛	99.55	99.61	14/4	11⅛
Bankers Trust 5 2000	0⅛	100.15	100.25	11/3	8.31
BFCE 5⅛ 99	0⅛	100.09	100.19	13/3	8⅛
BNP 5⅛ 95	0.06	101.25	101.35	10/1	8.69
BNP 5⅛ 99	0⅛	100.15	100.25	22/3	8⅛
Britannia 5 93 £	0⅛	99.50	99.56	8/4	11½
CCF 5⅛ 97	0	99.43	99.53	5/4	8.06
Chase Man'tn 5⅛ 2009	0⅛	99.93	100.03	5/3	8.31
Chicorp 5 2035	0.225	98.83	98.93	27/1	8.23
Credit Lyonnais 5⅛ 96	0⅛	100.70	100.80	11/4	8⅛
Credit Lyonnais 5 2000	0⅛	100.16	100.26	10/1	7.94
EEC 5 90	0⅛	99.77	99.87	8/7	8.06
ENEL 5 2000	0⅛	99.93	100.03	1/3	8⅛
Ireland 5⅛ 97	0⅛	99.97	100.07	28/2	8.44
Lloyds Bank Perp	0⅛	100.21	100.31	9/6	8⅛
Midland Bk. Perp. 5	0⅛	100.18	100.28	19/6	8⅛
NatWest Perp. A	§0⅛	100.18	100.28	9/7	8.31
NatWest Perp. B	§0⅛	100.16	100.26	10/2	8⅛
Prudential Cpn. 4 95 £	0.1	99.28	99.36	5/3	11.78
R. Bk. Scotland 5 Perp	0⅛	100.06	100.16	11/6	8.44
R. Bk. Scot. 5⅛ 2005 £	0⅛	99.11	99.21	4/2	11⅛
Societe Generale 5⅛ 97	0⅛	100.12	100.22	18/3	8⅛
United Kingdom 5 92	0	99.98	100.05	7/7	8.06
Woolwich 5 95 £	0⅛	99.34	99.41	19/2	11.69
Average price changes... On day +0.01 on wk. +0.00					

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1063	142⅛	143⅛	+2⅛	6.35
Comcast 7 2000	12/85	23.87	†114	115	−1⅛	19.48
Fanuc 3⅛ 98	1/84	7032	201⅛	203⅛	+0⅞	63.11
Fuji Hvy. Inds. 3 2000	8/85	476	94⅛	95⅛	+0⅛	−0.58
Fujitsu 3 99	6/84	1320	107⅛	108⅛	+1⅛	13.00
Kumagai Gumi 3⅛ 2000	3/86	600	192⅛	194⅛	−1	9.01
Marui 3⅛ 99	7/84	1162	170⅛	171⅛	−0⅛	−1.81
Mitsubishi Bank 2⅞ 00	9/85	1768	103⅛	104⅛	−0⅛	−1.49
Mitsubishi Elec. 2⅞ 00	3/85	422	106⅛	107⅛	+0⅛	−0.95
Murata 3½ 2000	7/84	2398	140	141⅛	+0⅛	16.84
Nippon Elec. 2⅞ 2000	1/85	1295	128⅛	129⅛	+0⅛	49.47
Nippon Oil Co. 3 2000	5/85	923	113⅛	114⅛	+0⅛	−1.94
OKI Elec. Ind. 3⅛ 99	10/84	805	110⅛	111⅛	+1⅛	1.73
Sekisui House 3 99	6/84	612	161⅛	163⅛	−2⅛	−1.43
Sumitomo Bk. 2⅞ 2000	8/85	2142	97⅛	98⅛	+0½	5.26
Sumitomo Cpn. 2⅞ 99	5/84	583	148⅛	149⅛	+0⅛	1.03
Taiyo Yuden 3⅛ 2000	3/85	1078	†114	116	0	−2.09
Takeda Rkn. 3⅛ 2000	10/84	7663	†105	107	+1	11.67
Tokyo S'vo El. 3½ 99	12/84	772	107	108⅛	+0⅛	11.88
Toshiba Crmcs. 3 2000	4/85	1734	106⅛	106⅛	0	−1.81
Nippon Oil 2⅛ 92 SFr	3/85	1062	†100⅛	100⅛	−0⅛	16.09
Nippon Shn. 2 92 SFr	3/84	801	†129⅛	130	−0⅛	13.45
Asics 5 92 DM	12/82	520	106⅛	107⅛	+0⅛	17.14
Renown 3⅛ 90 DM	3/85	475	110⅛	111⅛	+3⅛	−2.59
Sum Realty 6⅛ 92 DM	2/83	338	424⅛	425⅛	+8	−2.38

* No information available—previous day's price.
† Only one market maker supplied a price.
Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا عن التكامل



SOURCE: BELL'S PRESS RELEASE. 31st JULY 1985.

Unbelievable but true. Distillers have turned to Guinness for marketing help.

Argyll. We can revive Distillers' spirits.

UK COMPANY NEWS

BPCC buys Orbis books division

BY CHARLES BATCHELOR

British Printing and Communication Corporation (BPCC) has bought the books division of Orbis Publishing, a privately-owned producer of part-works, for £2.7m cash.

Orbis's book division, which includes Jancis Robinson, the wine writer and Mary Gilliat, the expert in home design, among its authors, just about broke even on turnover of £8m in the year ended September 1985.

The two sides agreed on the deal just before midnight on Tuesday after four days of negotiations between Mr Robert Maxwell, chairman and chief executive of BPCC, and a team from Orbis.

The Orbis deal is the latest in a series of mergers to sweep the traditionally staid world of book publishing over the past 18 months. They included the purchase of Heinemann for £110m by Octopus in the largest ever merger in the sector.

Orbis is the British arm of the private-owned Italian publishing house, De Agostini, which claims to be the largest publisher of part-works—illustrated books sold in weekly instalments—in Europe.

Orbis's book publishing operations developed from its part-work business, but it then began publishing original works, some commissioned specially by major retailers such as British Home Stores and Marks & Spencer.

Mr Julian Trunkfield, an Orbis director, said: "In the book publishing business you have to be either very big like Octopus, Collins or Penguin or very small and specialised. We were in between."

Orbis retains its part-work publishing business and is considering starting magazine publishing now that the sale of the book publishing operation has been agreed, Mr Trunkfield added.

The company this week launched a new part-work entitled Good For You on the subject of healthy cooking. Other recent series include The Elite, about the fighting forces of the world, War Machine, The Home Computer Course and The Royal Family.

Orbis's book division and its 70 staff will continue to operate from their existing Covent Garden premises for the time being. The management team headed by Mr Martin Heller, chairman; Mr Brian Innes, publishing director; and Mr Charles Merullo, managing director, will remain.

Book publishing accounted for just over a third of Orbis's total turnover of £23m in the year ended September 1985. The group made a pre-tax profit of £900,000.

BPCC's existing publishing activities include the Macdonald, Purnell and Waterlow imprints. Publishing contributed 4.4m of BPCC's 1984 pre-tax profit of £37.5m and £35m of total group turnover of £266m.

The Orbis purchase took effect from January 31. The price of £2.7m was slightly above net book value, Orbis said.

Marwan lifts stake in Extel

Dr Ashraf Marwan, the Egyptian financier, has bought a further 55,000 shares of Extel, the business and sporting information company currently subject to an unusual £173m takeover bid. This purchase takes Dr Marwan's holding to 4.68m shares or 11 per cent of the equity.

Mr Peter Earl, a director of Demerger Corporation, the company bidding for Extel, yesterday met Dr Marwan to explain the nature of the bid.

Dr Marwan told the Demerger team that he had no plans to take any action until the offer document had been published. Dr Marwan indicated he would sell to the highest bidder.

Datron Intl. progresses and eyes Far East market

MAJOR INCREASES in both turnover and profit for the half year ended December 31 1985 are announced by Datron International, the USM quoted manufacturer of testing and measuring equipment. And the directors look forward to the second half with considerable confidence.

Mr Geoffrey Cannell, chairman, says the overall bookings position is now well ahead, a major new product will be introduced in the near future, and opportunities in overseas markets are being looked at, with particular emphasis on the Far East.

Turnover for the six months rose by 20.7 per cent from £3.39m to £4.1m, and the pre-tax profit advanced by 38.3 per cent, from £363,000 to £502,000. After tax £182,000 (£8,000) earnings are shown at 2.1p (2.7p) per share. The directors reaffirm their decision to pay for the year the 1p net dividend forecast in the May 1985 prospectus.

Referring to the order intake, Mr Cannell says that it is 21 per cent above the corresponding period last year in all areas except the US, the company's largest market and where it has seen a recession in the electronics industry as a whole. This has resulted in the overall order intake being 7 per cent below last year.

However, the receipt last month of a contract in excess of $1m from the US navy for digital multimeters has corrected this and put the overall bookings position well ahead. This was the largest-ever order for a single model.

They hope that the major new product licencing/joint venture contribution to sales and future profitability.

Datron is putting its corporate development team in place and pursuing a policy of expansion by product development within the existing business, by suitable product licencing/joint venture arrangements and by seeking acquisition candidates.

● comment

The market responded beningly to Datron International's first set of results. The news that the company has shrugged off its American problems with a $1m contract from the US Navy jumped the shares 18p higher although the realisation that the bulk of the benefits will feed through after the end of the current year brought the shares down again to close 8p up at 88p. Datron's long term prospects are much brighter. New production capacity at the British and American plans should come on stream in April. The company expects to unveil a new product within the next two months, thus alleviating City concern that the present product base is too narrow. The American market should expand further while more aggressive marketing should nurture new markets in the Far East, principally in Japan. And on a more prosaic note, the £250,000 levy due to the DTI comes to an end in May. But heavy reliance on the American market—which provides 50 per cent of turnover—makes Datron vulnerable to the vagaries of the US electronics sector and of the dollar exchange rate, leaving the shares fully valued with anticipated profits of £1.2m and a projected p/e of 18.

City shops seeks £3m from BES

By Alice Rawsthorn

City Shops is the latest in the recent stream of companies to ask investors for start-up capital under the Business Expansion Scheme.

The company plans to raise £3m to launch a chain of High Street shops throughout London and the South each operating a familiar franchise name, by releasing 3m shares at £1 each in an issue sponsored by Baltic Asset Management.

Over the next two years, City Shops proposes to open a chain of 10 units. The first seven will operate the franchise for H-Plan modular bedroom furniture. Once these H-Plan shops are established, the company will expand into other areas of franchise retailing.

City Shops is already searching for suitable freehold sites. The first H-Plan shop has been found and should begin trading in early June. By the end of its first year in business, the company expects to have established a chain of five H-Plan units.

The company is chaired by the property consultant, Sir John Boynton.

The issue opened yesterday and will close on April 3, thereby enabling investors to choose whether to claim tax relief in the current year or the coming fiscal year.

Unions to oppose Elders' bid

BY DAVID THOMAS, LABOUR STAFF

UNIONS WITH members in Allied-Lyons, the food and drinks conglomerate, will today tell the Monopolies and Mergers Commission of their opposition to the takeover bid from Elders IXL, the Australian brewing group.

Five unions represented in Allied-Lyons will present a 22-page document to the Commission setting out their case against the takeover.

The submission contains a detailed section on the Allied-Lyons pension fund, which the unions say could be jeopardised by an Elders IXL takeover.

The unions argue that Elders IXL would be heavily in debt to financial institutions which are funding the bid.

The union submission says: "It seems likely that Elders would meet this debt firstly by suspending company contributions into the fund, and then by withdrawing 'surplus' monies already held by the fund, and possibly by winding up the fund altogether."

The unions also argue that monopolies could result in certain food sectors if Elders IXL were to dispose of Allied-Lyons' food division after a takeover.

They say that monopolies might arise, for instance, in cakes, ice cream and tea, because "the most likely buyers for these businesses are the main competitors."

The unions claim that the method by which Elders IXL is intending to pay for Allied-Lyons is unclear and they call on the Commission to ensure that the financing methods are brought out into the open.

The unions say that they have been in touch with their counterparts in the US about the experience with leveraged bids there and argue that the Commission should undertake a study of the trouble which some US leveraged bids have encountered.

The unions say that the need for Elders IXL to sell some of Allied-Lyons' businesses will lead to a loss of jobs and investment in high unemployment areas.

Anglo United beats forecast

Anglo United Developments, the open-cast coal mining group, demonstrated yesterday it had recovered from the problems caused by the miners' strike by announcing pre-tax profits of £3.24m for the year to October 31 1985.

This just beats its £3m profits forecast made last August when it obtained a full Stock Exchange listing, and compares with £160,000 for 1984.

The difficulty the company faced in selling its coal during the strike is reflected in the turnover figures—up from £12m to £17m.

Earnings per share amount to 2.4p, against a loss of 0.4p in 1984. Tax in 1985 was £1.41m (£470,000) and there was an extraordinary debit of £550,000 (£1.16m).

The company's US coal mine, where new plant has been installed, has recovered from a £295,000 loss on turnover of £3.8m in 1984 to a profit of £48,000 on £4.4m turnover.

It now plans to establish new mines in the UK and expand production from the ones it already has in Scotland, the North East and the West Midlands.

Mr David McErlain, the chairman, said: "Having transcended the impact of the miners' strike, our management is now set to consolidate its presence in the UK. *The next 18 months will see more new sites and increased production from existing mines.*"

The chairman is confident of further substantial progress this year.

The company has won an exploration licence on 28 square kilometres near Lough Bay in Northern Ireland, next to an area of substantial lignite deposits.

Tele. Services rationalises Molinaire

Television Services International, the USM-quoted film and video production facilities group, yesterday announced a rationalisation of its Molinaire subsidiary with the aim of concentrating its resources on the production of television commercials.

The move will mean 21 job losses in Molinaire's outside broadcast units and television studios as its capabilities in these areas are reduced.

TSI's shares fell 5p yesterday to 180p.

Molinaire incurred pre-tax losses of £1.1m in the nine months to January last year. TSI acquired it last February and since then has been streamlining its activities.

The continuation of Molinaire's losses was a factor in suppressing TSI's profits advance in the six months to last June. Pre-tax profits rose by 51 per cent to £225,000 while turnover rose by 120 per cent to £4.6m.

Yesterday, however, Mr Andrew Lee, chairman of TSI, said Molinaire's operating losses had been eliminated.

Ruo Estates' shares lose 20p on profit downturn

News of a substantial reduction in profit and dividend clipped 20p of the shares of Ruo Estates Holdings yesterday. They closed at 500p.

The company's main product is tea from estates in Malawi, and it is controlled by Eastern Produce (Holdings).

For the year ended June 30 1985 its pre-tax profit has been cut from £4.2m to £1.55m, and the final dividend is being reduced from 12p to 4p net. This gives a total of 7p for the year, against 16p.

In its interim statement last October the company said that by the end of August it had sold 2.05m kg (2.18m kg) out of a total crop harvested of 3.56m kg (3.38m kg), but at a greatly reduced price of 104.89p per kg (150.65p). It cut the interim dividend from 4p to 3p.

Turnover for the year came to £2.97m (£5.73m) and produced an operating profit of £1.31m (£4.04m). In addition, associates contributed £4,000 (£2,000) and investment and other income was £337,000 (£160,000).

After tax £668,000 (£2.15m) the net profit worked through at £885,000 (£2.05m), giving earnings of 66.2p (151p).

Suter cuts Raine holding

Suter, the acquisitive engineering group headed by Mr David Abell, has sold 2.9m shares in Raine Industries, the housebuilder and engineer, reducing its stake to 4.93 per cent.

Suter said it did not see Raine as a possible bid target and the sale, raising about £750,000, was part of a series of investment disposals that had raised about £4m in recent months. It declined to say how these funds would be used.

Raine's shares rose on the news, to close at 28p, up 6p on the day, in the hope that the stake might have gone to a potential bidder.

Dares Estates rights to raise £1m

Dares Estates, the property development and investment group, is raising £1m after expenses by way of a three-for-10 rights issue at 61p. The company has estimated profits before tax in 1985 of £12,000 compared with a loss in the previous year of £1.8m.

The money will be used to refurbish Dare's main property holding, a shopping precinct in Reading, which it has decided to maintain as an investment. A new head lease on the property has just been negotiated which increases the value of the property by £430,000 to £3.5m.

Buildvale, a company controlled by the directors of Dares, which owns 22.8 per cent of the equity, has agreed to take up its full rights entitlement.

Newman Tonks

Pre-tax profits of Newman Tonks Group rose to £6.52m (£5.69m adjusted) in the year to October 31 1985. Yesterday's FT report incorrectly gave the figure as £6.42m.

Scott's Restaurant expects £0.37m

Scott's Restaurant, the publicly quoted restaurant operator, estimates that its pre-tax profits for 1985 will be approximately £370,000 and that, based on information supplied by the directors of the Connaught Rooms, which Scott is acquiring for £2.1m, its pre-tax loss would be approximately £100,000.

The figures were given in a circular to shareholders detailing the Connaught deal. Dealings in Scott's shares recommenced yesterday at 565p following the deal, and they closed at 625p.

Pay and share deal for Nicholas Ward

Mr Nicholas Ward, the former head of Guinness's retail division, who is to take over as chairman of Macarthy's Pharmaceuticals if an agreed institutional takeover bid goes through, will receive an annual salary of £150,000 and have a rolling three-year service contract.

He will also have the maximum permitted options (£600,000-worth) under a new options scheme for senior executives, and options over a further 200,000 Macarthy's shares at the then prevailing market price. He also has an option to acquire 250,000 Macarthy's shares from members of the concert party which left the bid, at a price of 265p a share. Macarthy's shares closed last night at 289p.

The bid was mounted with the specific aim of installing Mr Ward as chairman. The current chairman, Mr Albert Slow, receives £45,000 remuneration a year.

Brikat buys two computer retailers

Brikat Group is expanding its business centres division by buying two computer retailers, Globestyle and South Coast Business Machines.

It is paying £537,000 with 300,000 shares for Globestyle which has outlets in Hull and Doncaster and had a turnover last year of £1.1m. For South Coast, which has one outlet in Bournemouth, it is paying £140,000 with 70,000 shares. There are further profit-linked payments in the future for both companies.

Brikat said the purchases would provide a substantial increase in turnover from the retailing of micro computers and software.

United Computer urges bid rejection

United Computer & Technology Holdings has urged shareholders to reject the £2.8m takeover bid from Harvard Securities, the licensed dealer in securities, saying that the offer is inadequate and does not reflect the value of the shares.

United said it was holding discussions with a number of other interested parties with a view to enhancing the value of the shares.

P & O sells freight offshoot to managers

Peninsular & Oriental Steam Navigation has sold its freight forwarding subsidiary, Anglo Overseas Transport, to its own management.

Klark Teknik buys sound equipment maker

BY RICHARD TOMKINS

Klark-Teknik, the USM-quoted manufacturer of professional sound equipment, said yesterday it had bought Dearden-Davies Associates, an unquoted company in the same field.

Klark-Teknik is paying up to £750,000 in cash and 1.53m new ordinary Klark-Teknik shares, equivalent to 10.6 per cent of the company's present issued share capital. With the shares unchanged yesterday at 48p, this put a maximum price in the deal of £1.48m.

DDA, formed in 1980, makes a range of products for professional music and film recording, broadcasting and sound reinforcement. Turnover has grown from £78,000 in the year to March 1983 to at least £700,000 expected in the year to March 1986.

The profits targets to which the purchase price is related are £200,000 for the year to March 1986 and £500,000 for the year to March 1987.

The founders of DDA, Mr David Dearden and Mr Gareth Davies, will continue as joint managing directors and will enter into service agreements with Klark-Teknik.

CRH expands Dutch DIY operations

Cement-Roadstone, Ireland's largest industrial company is extending its DIY activities in the Netherlands with the purchase for Fl 4.2m (£1.1m) cash of Struyk Bouwmarkten, a company with five DIY superstores.

Struyk made a trading profit of about Fl 1m in 1985 on sales of Fl 20m. Its five stores are in the south of the country and bring to 19 the total number of stores operated by CRH's Dutch subsidiary, Van Neerbos. The DIY outlets have 375,000 sq ft of covered floor space.

The Struyk purchase comes six months after the proposed acquisition of Koeckel Group, a privately-owned West German maker of windows and DIY retailer, fell through.

CRH gave no reason for the decision to call off the £3.45m purchase of Koeckel, which had seven DIY outlets in Germany. CRH had hoped to achieve savings on purchasing costs from the merger of the Koeckel and Van Neerbos operations.

In addition to its DIY activities, Van Neerbos is a builders' merchant and a manufacturer of building chemicals, roof windows and concrete products. It was acquired by CRH in 1973. The five Struyk stores are in Breda, Boxtel, Oosterhout, Tilburg and Waalwijk.

CRH makes about 70 per cent of its trading profit (£82.5m in 1984) outside Ireland. It has operations in Britain, the US and the Netherlands. Group pre-tax profits rose 30 per cent to £29.4m on sales ahead 10.6 per cent, to £255m in the six months ended June 1985.

Progress maintained at LDH and profits climb

FIRST HALF results at LDH Group, the Glasgow-based wholesale distributor of furnishings and upholstery fabrics, have confirmed the board's confidence, expressed at the last annual meeting, that the group would continue to make good progress.

Pre-tax profits rose from £123,700 to £201,300 in the six months to November 30 1985, and follows a 33 per cent increase achieved in the previous 12 months.

The company has only recently returned to the dividend list—a payment of 0.35p net was made at the last year-end—and the directors feel it prudent to await the results of a full year's trading before making a further payment. They are confident of at least being able to maintain last year's level.

Turnover in the opening half improved from £2.97m to £3.45m. Tax was higher at £80,500 compared with £55,000, and stated earnings per 10p share were 1.55p against 0.83p.

The directors say the second half has started well, cash balances are healthy, and the company is confident of steady progress—always bearing in mind the continuous pressure on margins and the vagaries of sterling.

LDH states that conditional contracts have been exchanged for the acquisition of West Yorkshire Weavers, manufacturer of upholstery fabrics. The maximum aggregate value of the consideration is £125,000, of which £45,000 will be payable on completion, and a further consideration up to the maximum aggregate value will be payable dependent on the results of WYW for the year to May 31 1986.

The initial consideration will be paid as to £28,500 in cash from the company's resources, with the remainder to be satisfied by the issue of 55,000 new ordinary shares of LDH.

In the year to May 31 1985, WYW incurred pre-tax losses of £7,618 from turnover of £892,287, but in the first half of the current year, it reported profits of £18,267 on turnover of £514,893.

Atkins/Lincroft talks called off

Atkins Brothers (Hosiery), the textile and electronic equipment group, and Lincroft Kilgour, the cloth merchanting and investment group have terminated discussions about a possible bid from Lincroft.

However, Atkins is now in discussions with two other companies interested in parts of the group.

Shares in Atkins fell sharply on news that the Lincroft talks were over, closing at 150p, down 25p on the day.

The two new approaches are independent of one another, with one party said to be interested mainly in Atkins' textile business and the other in its electronics side.

Ansbacher changes

THE FINANCIAL reconstruction of Henry Ansbacher Holdings has been completed with Pargesa Holding and Groupe Bruxelles Lambert now holding slightly more than half the equity.

Both Groupe Bruxelles Lambert and Pargesa have cut their interest in Ansbacher by 4.68m shares. Each now holds [illegible] per cent of the issued share capital.

Ansbacher also announced yesterday that Banque Internationale a Luxembourg, in which Groupe Bruxelles Lambert and Pargesa have a 40 per cent interest, had acquired 10.1m ordinary Ansbacher shares, a 7.19 per cent holding.

Five Sturge directors in sale of 1.7m shares

Five directors of Sturge Holdings, one of the largest independent groups of underwriting agencies in the Lloyd's insurance market, have sold 1.71m ordinary shares (6.4 per cent) in the company at 400p per share. The sale was made via the company's brokers Cazenove & Co.

The company said the shares had been sold for various personal financial reasons and believed the sale would help to increase the marketability of the shares in public hands.

The five directors, which include chairman Mr David Coleridge, retain a substantial holding of 31.85 per cent in Sturge and do not intend to sell any more shares for at least the next 12 months. Mr Coleridge now holds a 15.49 per cent stake and Mr Henry Rokeby-Johnson has 13.26 per cent.

In his annual statement yesterday, Mr Coleridge said that underwriting capacity of the 16 syndicates managed by Sturge totalled £685m for 1986. He added that the improvement in premium rates and policy terms which began in 1985 was expected to continue to move strongly in the underwriters' favour this year.

A full year profit forecast would be made with the interim results in early June.

BOARD MEETINGS

TODAY

Interims: Aerospace Engineering, William Ransome, Trans-Natal Coal.

Finals: Aaronson Bros., Martin Foard, Goode Durrant and Murray, Isle of Man Steam Packet, Plastic Constructions.

FUTURE DATES

Finals—

Alliance Trust	Mar 7
Berisford (S. and W.)	Feb 24
British Petroleum	Feb 20
Debron Investments	Feb 17
Dew (George)	Feb 10
First Scottish American Trust	Feb 25
Lee (Arthur)	Feb 20
Ransomes Sims and Jefferies	Mar 10
Vantona Viyella	Feb 14

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual taxed	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	122	—	7.3	6.0	7.5	7.0
151	121	Ass. Brit. Ind. CULS	127	—	10.0	7.9	—	—
75	43	Airsprung Group	70	—	6.4	9.1	11.7	15.2
45	33	Armitage and Rhodes	34	—	4.3	11.9	4.4	6.4
188	108	Bardon Hill	187	—	4.0	2.4	21.1	22.0
64	42	Bray Technologies	55	—	3.9	7.0	6.8	7.9
201	136	CCL Ordinary	137	+1	12.0	8.8	3.3	5.2
152	97	CCL 11pc Conv. Pf.	98	+1	15.7	16.0	—	—
124	72	Carborundum Ord.	114	+2	4.3	3.7	6.8	10.3
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.8	—	—
50	40	Deborah Services	40	—	7.0	12.3	5.0	7.8
83	25	Frederick Parker Group	21	—	—	—	—	—
83	50	George Blair	50	—	—	—	3.8	6.6
95	20	Ind. Precision Castings	60	—	3.0	4.6	17.1	14.3
218	164	Isis Group	164	—	15.0	9.1	12.6	18.9
122	101	Jackson Group	119	—	6.5	5.5	8.0	8.0
316	228	James Burrough	316	—	15.0	4.7	10.0	14.0
95	85	James Burrough 9pcPf.	91xd	—	12.9	14.2	—	—
95	62	John Howard and Co.	66	−1	5.0	7.5	8.2	8.3
685	570	Minihouse Holding NV	685	—	5.9	0.8	38.5	39.7
33	32	Robert Jenkins	88	—	—	—	—	19.4
22	21	Scruttons "A"	36	—	—	—	5.9	7.2
57	57	Torday and Carlisle	57	—	5.0	7.5	3.4	8.1
370	320	Travian Holdings	325	—	2.1	1.3	18.5	18.2
42	25	Unilock Holdings	25	—	2.1	5.3	8.3	10.6
133	93	Walter Alexander	133	—	8.6	6.5	7.5	9.1
228	196	W. S. Yeates	200	—	17.4	8.7	6.7	9.8

Public Works Loan Board rates

Effective February 5

Years	Quota loans repaid by EIP†	Quota loans repaid At‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At‡	Non-quota loans A* repaid at maturity§
1	—	—	[illegible]	—	—	13¼
Over 1 up to 2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13
Over 2 up to 3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12½
Over 3 up to 4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12½
Over 4 up to 5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¾
Over 5 up to 6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12½
Over 6 up to 7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12½
Over 7 up to 8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12½
Over 8 up to 9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¼
Over 9 up to 10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12
Over 10 up to 15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11¾
Over 15 up to 25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11½
Over 25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11¾

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

COMPANY NEWS IN BRIEF

GLANFIELD LAWRENCE'S sale of freehold premises at Burton on Trent has now been completed. Proceeds amounting to £390,000, together with the substantial reduction in investment in stocks, principally new and used cars and parts following the closure of the loss-making subsidiaries, has resulted in group's indebtedness, which at the end of 1984, amounted to £4.2m, being eliminated.

THORN EMI Television Rentals intends to offer 85p cash for each of Radio Rentals 662,193 6 per cent cumulative preference shares. Thorn, although holding all the ordinary, does not hold any of the outstanding 6 per cent cumulative preference.

LONDON SHOP, Property Trust has acquired a mixed retail and office building in Banstead, Surrey, and a similar property in Wrexham, North Wales, for a total £2.7m. The Surrey property includes a 10,000 sq ft supermarket let to Waitrose and 7,000 sq ft of offices producing a total income of £160,000, with reviews from 1986. Price paid was £1.85m. The Wales property consists of four shop units and some 7,700 sq ft of offices. Total income is £70,200 with *immediate reviews*. Price paid was £850,000.

ALFRED WALKER has, by mutual agreement, terminated discussions concerning the possible acquisition of a private property company owned by director Mr R. A. Scott. Mr Scott remains a director. The board is actively considering other possible acquisitions. Mr B. D. Yates yesterday retired as a director following the expiry of his service contract.

YEARLING BONDS totalling £3.25m at 13 per cent, redeemable on February 11, 1987, have been issued by the following local authorities: Kirklees Metropolitan Borough Council £2m, Wansbeck District Council £0.25m, Derwentside DC £0.25m, City of Chester £0.5m, Brentwood DC £0.25m.

NATIONAL WESTMINSTER Bank has increased its holding in its associate, Van Lanschot's Beleggings-Compagnie from 30 per cent to 40 per cent. The additional shares were acquired from members of the Van Lanschot family and give the bank the same proportionate holding as Rabobank. Delta Lloyd has a 5.4 per cent stake and the remaining shares are held by Van Lanschot family interests.

ENGLISH TRUST COMPANY, the banking and financial services Group, formerly the English Association Group, achieved a 26 per cent rise in pre-tax profits from £931,000 to £1.18m for the six months to December 31 1985. The dividend is 1p, (0.91p). Earnings per share are 3.65p, against an adjusted 2.86p.

CHARLES BAYNES has disposed of three London-based property services companies for some £300,000—£160,000 in excess of *tangible* book value. *After* collection of debtors and payment of related creditors together with the sale of certain other attributable assets the net cash flow benefit to the group will amount to approximately £750,000. In the year to September 30 1985 these companies made a combined loss of £375,000.

TUNSTALL TELECOM'S chairman, Mr Michael Dawson, told the annual meeting that "with four months of current year behind us we are experiencing record order levels throughout the company," and Munford & White's sales "are at the highest level since the takeover."

HUNTERPRINT, the USM-quoted commercial colour printer which announced last month that it was seeking a full listing, now says it expects the transfer to take effect next Monday.

GREENBANK GROUP has acquired from J. Blakeborough and Sons, a subsidiary of Hopkinsons Holdings, the product lines comprising water and effluent screening equipment hitherto designed, manufactured and serviced by Blakeborough. Assets specific to the design and manufacture of the products have been transferred at a value of £89,419 paid in cash.

BUSINESS LAW

Patents: how to stimulate innovation

By A. H. HERMANN, Legal Correspondent

THE "hiving off" of the Patent Office from the Department of Trade and Industry must surely be the best publicised non-event [illegible]

outcome is uncertain, is to take an optimistic line.

But adjudication in the Patent Office is not enough. Appeals [illegible]

big step forward when compared with Heron's flask and the invention of the electric bulb was certainly not an obvious solu- [illegible]

dancy unless their skills are used to create an advisory service going far beyond the present search and examination of [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

Brown Shipley & Co Ltd (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

Brycourt Unit Trust Mgmt Ltd(a)(c)(d)

Gartmore Fund Managers (a) (c) (g)
2 St Mary Axe, London EC3A 8BP 01-623 1212

Legal & General (Unit Tst., Mngrs.) Ltd
5 Rayleigh Rd, Brentwood 0277 234634

Leonine Administration Ltd
20 Copthall Ave, London EC2R 7JS 01-600 7595

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Magt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01 236 3885

International Growth	122.0	130.5	-0.7	1.00
Income & Growth	46.8	49.8	-0.1	2.90
Special Situations	69.0	73.8	-0.2	2.10
American Growth	32.1	34.1	+0.3	3.10
Japan Growth	38.6	41.1	-0.9	0.00
European Growth	51.9	55.5	+0.1	2.90
UK Growth	45.1	48.3	+0.1	1.70
Pacific Growth	33.7	36.1	-0.5	0.70
High Income	29.1	31.2	-0.1	8.00
Practical Income Units	45.3	48.2	+0.1	2.70
Practical Accum. Units	81.4	86.6	+0.1	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	75.5	80.3	+0.2	2.84
Accum Units	111.6	118.7	+0.5	2.84
Pearl Inc.	101.0	107.4	+0.3	4.64
Pearl Unit Tst.	107.2	114.0	+0.5	3.66
(Accum Units)	183.6	195.3	+0.9	3.66
Pearl Intl Equity	108.1	115.0	-1.0	1.74
(Accum Units)	108.1	115.0	-1.0	1.74

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	229.3	246.1	-1.3	1.32
Income	159.5	170.8	+0.9	5.30
Worldwide Recovery	127.9	137.3	-0.5	1.99
American Growth	65.0	69.8	-1.1	1.01
Intl Emerging Cos.	69.2	74.3	-0.2	0.68
Far East Growth Fd.	56.8	61.0	-0.3	1.11
European Growth Fd.		50.0	..	—

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc	52.1	55.4	-0.6	5.49
Prolific Far East	123.7	133.0	-1.0	0.31
Prolific Extra Inc	70.4	74.7	+0.2	5.19
Prolific G'ent & Gilt	83.5	88.5	+0.1	7.12
Prolific High Inc	150.3	159.4	+0.8	4.55
Prolific Intl	93.4	100.4	-0.8	1.68
Prolific N. Amer.	127.7	137.5	-0.8	2.30
Prolific Spec. Sits	164.1	176.1	+1.0	1.00
Prolific Technology	108.2	116.3	-1.3	0.56

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	58.9	62.3	-0.9	0.00
Japan Acc.	58.7	62.5	-0.8	0.00
Worldwide Inc.	59.9	63.8	-0.4	1.53
Worldwide Acc.	60.5	64.4	-0.4	1.53
European Tst Inc	73.6	78.4	-0.4	0.68
European Tst Acc.	73.8	78.6	-0.4	0.68

INSURANCES

هكذا صدر الأصل

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Warburg Investment Management Jersey Ltd
39 41 Broad St, St Helier, Jersey CI 0534 74715

Mercury Far Eastern Trust Ltd

Mercury Money Market Trust Ltd

Mercury Selected Trust

Warburg Inv Mngmt (Isle of Man) Ltd
1 Thomas Street, Douglas, Isle of Man 0624 74856

Wardley Fund Managers (Jersey) Ltd

Wardley Investment Services Ltd
4th Floor, Hutchison House, Hong Kong

WestAvon Secs. (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey 0481 27963

World Bond Fund
Managers PO Box 190, St Helier, Jersey 0534 74715

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Money Market Trust Funds

The Charities Deposit Fund
77 London Wall, London EC2N 1DB 01 588 1815

The Money Market Trust
63 Qn Victoria St, EC4N 4ST 01 236 0952

Oppenheimer Money Management Ltd
66 Cannon St, EC4N 6AE 01 236 1425

Money Market Bank Accounts

Adam & Co. plc
22 Charlotte Sq, Edinburgh EH2 4DF 031 225 8484

Aitken Hume
30 City Road, EC1Y 2AY 01 638 6070

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U S dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Metal Closures	14
BOC Grp	27	Midland Bk	35
BSR	8	NEI	10
BTR	33	Nat West Bk	55
Babcock	13	P & O Dfd	35
Barclays	33	Plessey	14
Beecham	30	Polly Peck	21
Blue Circle	50	Racal Elect	15
Boots	18	RHM	12
Bowaters	30	Rank Org Ord	35
Brit Aerospace	32	Reed Intnl	60
Brit. Telecom	27	Sears	11
Brown (J)	$3\frac{1}{2}$	TI	35
Burton Ord	45	Tesco	24
Cadburys	13	Thorn EMI	34
Charter Cons	18	Trust Houses	12
Comm Union	23	Turner Newall	$9\frac{1}{2}$
Courtaulds	13	Unilever	90
Distillers	36	Vickers	35
FNFC	12	**Property**	
Gen Accident	55	Brit Land	14
Gen Electric	14	Land Secs	26
Glaxo	100	MEPC	26
Grand Met	30	Peachey	24
GUS 'A'	70	Samuel Props	15
Guardian	60	**Oils**	
GKN	20	Brit. Oil & Min	$3\frac{1}{2}$
Hanson Tst	18	Brit Petroleum	45
Hawker Sidd	36	Burmah Oil	27
ICI	42	Charterhall	4
'Imps'	16	Premier	5
Jaguar	27	Shell	55
Ladbroke	27	Tricentrol	18
Legal & Gen	60	Ultramar	18
Lex Service	24	**Mines**	
Lloyds Bank	35	Cons Gold	40
Lucas Inds	30	Lonrho	12
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Chicago exchange to fight time

By Alexander Nicoll

THE CHICAGO Board of Trade signalled yesterday that it has far from given up its opposition to time-stamping of orders within a minute of execution, as would be required under a decision last month by the Commodity Futures Trading Commission.

Mr John Gilmore, newly-elected CBOT chairman, said in London that the exchange, also battling the CFTC on the regulator's plans to introduce tighter capital requirements for brokers, would lobby Illinois congressmen on the time-stamping issue and had not ruled out the possibility of going to court.

The CFTC has given exchanges until October 1 to comply with the new record-keeping standards, which are designed to counter trading abuses by providing clearer and more precise audit trails.

Mr Gilmore said the effect of of the change would be to increase transaction costs by up to 20 per cent, or between $1 and $10 per transaction, and to widen bid/offer spreads made by traders. This could be crippling for already hard-pressed agricultural futures firms, he said.

The CBOT had proposed an alternative and less costly system which would have permitted comprehensive analysis of each trader's activities at each price level. When there was no price change, questions about whether a trader had put one order before another would be immaterial, Mr Gilmore said.

Tin Council offers £60m towards rescue package

BY STEFAN WAGSTYL

THE International Tin Council yesterday made its first cash offer in negotiations with its creditors to try to solve the tin market crisis.

But its £60m proposal fell far short of the £200m contribution demanded by creditor banks and metal brokers from the ITC's 22 member governments towards a rescue package.

Talks between the two sides broke up after less than an hour and will resume today. Mr Ralph Kestenbaum, joint managing director of Gerald Metals and co-author of the rescue plan, said that the council's offer was "absolutely inadequate" but he was glad that at least it had been made.

The discussions centre on proposals put forward by Mr Kestenbaum and Mr Peter Graham, senior deputy chairman of Standard Chartered Bank, for setting up a new company to take over the ITC's tin stockpile and its debts of hundreds of millions of pounds to banks and brokers of the London Metal Exchange. The creditors have offered to contribute £70m but say a further £200m is needed from governments to fund an orderly disposal of the tin.

The UK Government is under pressure to contribute more than its share as an ITC member. Mr Kestenbaum said that at yesterday's negotiations ITC representatives said that the council would make a higher offer if the British Government put up funds. It is understood that over £100m from the ITC could be on offer under these circumstances — but the Department of Trade and Industry has so far set its face against a unilateral rescue move.

After the talks, creditors' representatives met Bank of England officials to discuss the latest developments.

Meanwhile, Mr Jacques Lion, chairman of the LME Board, has been receiving replies from brokers to his letter requiring them to confirm whether they are solvent in view of the tin market's troubles.

Steady demand lifts rubber price

BY WONG SULONG IN KUALA LUMPUR

BUOYED BY steady demand and tight supply, natural rubber prices have broken out of the "may buy" range of the International Natural Rubber Organisation (Inro) for the first time in eight months.

Malaysian traders expect prices to remain firm over the next couple of months, with the start of wintering, which cuts down output, but add that medium and longer term price prospects remain gloomy.

Inro said the composite rubber price was 171.2 Malaysian/Singapore cents a kilo for February 3, just above the "may buy" level of 161 to 171 cents. This means the Inro buffer stock manager will not enter the market as he has done during the past three years, supporting prices and accumulating a massive stockpile of around 375,000 tonnes.

RSS No 1 rubber closed in Kuala Lumpur yesterday at 191 cents, up three cents from Tuesday.

Traders say rubber stocks in both consuming and producing countries are currently very low. Expectations of high rubber production for December and January failed to materialise due to prolonged rains in Malaysia and Indonesia, prompting traders to enter the market to cover their positions.

Over the longer term, the huge Inro stockpile will act as a depressing overhang on the market, and the impact of falling oil prices will not be obvious for another six to nine months.

Mr Tom Barrett, president of the Goodyear Tire and Rubber Company, speaking in Singapore on Tuesday, felt lower oil prices would make synthetic rubber more competitive. Malaysian officials take the opposite view, expecting lower oil prices to spur greater economic activity in the industrialised countries, resulting in greater demand for natural rubber.

Varying fortunes in the world diamond trade

Inquiry clouds Antwerp's revival

BY PAUL CHEESERIGHT

SUDDENLY THE spotlight is shining on the Antwerp diamond community. But not brightly enough, not accurately enough, to uncover the secrets of this discreet network of family firms, where trust is given only rarely to the outsider.

Interpreting the shadows has led to charges that the community is engaged in a massive fraud. And for the community this is an uncomfortable experience. "These are people who want to do business in the back room where nobody sees them," said one member.

There may be fraud. There may not be. Thus far nobody knows. What everybody does know is that a Brussels examining magistrate and the tax authorities are poring over books of Kirschen Roger, an Antwerp stockbroker with offices in the heart of the diamond quarter and with diamond people on its books.

The fact of the investigation has kept visiting clients away since the beginning of last week. "Appointments have been cancelled. People don't want trouble. Clients who come to Belgium don't want to come into contact with the police—it's the mentality," commented one diamond insider.

Not that the whole business has suddenly crashed. Regular clients do not need to visit anyway. They specify their demands and their parcels of diamonds are despatched.

Give it a month or two, so people can see nothing much is happening and everything will be back to normal, the optimists in the industry say.

The point here is that the tax authorities are not actually investigating the diamond community. At least not yet. The community considers it is suffering from guilt by association.

The world diamond market is picking up after four years of depression. Earlier this month, De Beers' Central Selling Organisation, which handles some 80 per cent of the world's trade in rought (uncut) diamonds on behalf of South African mines, announced 1985 sales of $1.82bn (£1.26bn)—the highest total since the 1980 record of $2.72bn. Throughout the recession, cutters in Bombay have kept up exports of their small mass-market stones. In Israel, which specialises in medium-sized diamonds, the recovery has at last taken off. But in Antwerp, the leading centre for cutting the largest stones, a tax fraud investigation has cast its shadow over the long-awaited resurgence in the industry.

POLISHED DIAMOND EXPORTS (million dollars)

	1980	1981	1982	1983	1984	1985*
Antwerp	2,185	1,720	1,589	1,606	1,599	1,593
Israel	1,615	1,306	1,158	1,208	1,213	1,439
Bombay	785	633	661	1,110	1,046	1,022
New York	837	719	561	526	526	497

* 12 months to November

Source—CSO. New York figures ignore the high proportion of diamonds cut for US market

The Kirschen Roger affair is concerned with two separate aspects of the business. The first is the allegation that the company has been selling gold without charging the statutory one per cent value added tax. The second is that it has been passing over dividends and interest to clients without deducting the statutory 25 per cent withholding tax.

The wholesale diamond trade, and that is the Antwerp business, is not at issue. The diamond trade is exempt from value added tax. What could be at issue, but this depends on where the investigation goes, is what members of the diamond community do with their money independently of their immediate business.

This is where fear comes in —the fear that traders and brokers might leave, opening up a hole in a valuable section of the Belgian economy.

"There's no evidence of departures—no reason why they should leave yet," noted an official at the Diamond High Council, the industry association.

"They would leave if police investigations led to confiscating diamonds. But there is no reason why this should happen. The worst is the bad publicity," he added.

It is not an attractive prospect for the industry. Antwerp may be pivotal in the international pattern of diamond trading. About half the diamonds in the world have been through the city at one time or another. But it is the distributing and trading role of Antwerp that gives the cutting and polishing side of the city's business a competitive advantage.

The latter is the side of the business which cannot move. And this is the side of the business since diamond business slumped at the start of the decade. There are 7,500 workers spread through 320 companies.

For them the Kirschen Roger affair could not have come at a worse time. Crisis still hung over the industry in 1984. Prices were low and the Soviet Union was pushing polished stones on to the market. Stocks were high.

Last year, though, the tide turned. From August prices began to stabilise and turn upwards. The industry started to pay back debts to the banks. The fall of the dollar began to make prices look better in Europe. The Soviet Union was quiet. Buying levels lifted and the cutters and polishers had more work.

Now the trend has been checked. That is the snap reaction in the industry as it waits for the Kirschen Roger investigation to unfold on an unknown timetable. Confidence has ebbed.

This in turn puts pressure on the Belgian Government, which for two years now has been having talks with the industry about adaptations to the social security system so that labour costs in the industry might be reduced.

The sheer scale of Antwerp's merchanting means a valuable spin-off for the Government. Last year BFr 375bn worth of diamonds moved in and out of Antwerp—BFr 323bn if stones held within the De Beers Central Selling Organisation are taken out.

If the merchanting were taken away altogether, then Antwerp would have imported about BFr 35bn worth of diamonds, processed them and exported to the value of around BFr 50bn.

Tel Aviv back on expansion course

BY TONY WALKER AND LYNNE RICHARDSON

FORTY YEARS ago, Mr Moshe Schnitzer, president of Israel's Diamond Exchange, was an out of work diamond cutter in a local industry that had collapsed when traditional cutting centres in Europe re-opened after the War.

Today, Mr Schnitzer is a big trader himself in precious stones and head of what is by far the world's largest diamond exchange. Export sales last year reached more than $1.2bn.

Mr Schnitzer's career has mirrored the ups and downs of Israel's diamond trade, which struggled for years to gain acceptance as a brash newcomer in the traditionally austere world of dealers in precious stones in places like Antwerp, Amsterdam, New York and London.

"I was 20 years a pedlar, going round the world and knocking on doors," he recalled recently, seated at a dealing table in his comfortable offices. "From 100 people I got one customer. This way I built up clients all round the world."

These days, customers come to Mr Schnitzer and the dozens of other dealers who have offices in the diamond exchange. Alternatively, they simply do their business on a large trading floor which can accommodate about 1,000 people.

In the corridors of the exchange the faces reflect the worldwide appetite for diamonds. There are the Japanese, who have become sizeable customers, and Chinese from Hong Kong. Most conspicuous are the black coated Hassidic Jews who have traditionally dominated the diamond business in New York. Israel-cut diamonds account for about 85 per cent of the world supply of medium-sized "melee" stones (between 40 and two stones to the carat). Easily the biggest market is the US, which takes about 60 per cent of the Israeli product.

Israel's diamond trade is undergoing a resurgence after a bleak period in the early 1980's.

Then the bubble of inflated world prices burst, and a large number of large Israeli cutting firms went out of business. In addition, some traders fled the country, leaving behind sizeable debts, and the commercial banks sustained heavy losses which have yet to be totally cleared from their books. In an attempt to keep out dubious operators, the Government sharply curtailed directed credit to the industry.

These days, the industry provides jobs for about 25,000 people, or as Mr Schnitzer puts it, support for "100,000 souls," including dependants.

A revealing figure is that in 1980, just before the crash, 25-30 large factories accounted for about 90 per cent of the cutting business. Today, the position has been completely reversed, and small operators, employing fewer than 30 people, dominate the local scene.

Israel's strength as a diamond trading centre is built largely on the efficiency of its cutting industry which operates on a piece-rate system and with workers who are claimed to be the most skilled in the world, preserving more of the stone itself in the processing stage (about 52 per cent) than competitors elsewhere.

The industry is geared to very quick turnover and low margins, making it highly competitive. It is estimated that rough stones are cut, traded and despatched in the space of less than two weeks.

Part of the secret of Israel's success as a trading centre in precious stones, according to Mr Efraim Raviv, director of the Trade Ministry's diamond division, is lack of bureaucracy. Export clearances are given almost instantaneously unlike in India, where it can take weeks.

Mr Raviv, whose job includes monitoring the health of the local industry, says it is now much sounder than it was before the world recession of the early 1980s, following the boom of the 1970s which encouraged too rapid an expansion and a high level of indebtedness.

In 1980, he points out, exports totalled about $1.4bn, but the bank debt of those involved was $1.2bn. In 1985, bank debt was down to about $225m against a trade which reached $1.26bn.

Israeli traders generally expressed satisfaction with the operation of the Diamond Trading Company, the De Beers marketing cartel, although there was some criticism of slippage in recent years in Israel's share of DTC's annual allocation.

The Israeli industry last year got about one-third of its rough diamonds through the De Beers cartel, buying the rest on the open market under less favourable terms. Altogether Israel imports about $800m-worth of rough stock a year.

Those involved in Israel's diamond business say they are unconcerned about De Beers' South African connections, noting that the cartel handles, among others, Soviet product. "Diamonds are not Krugerrands," said Mr Raviv. "I feel the DTC, which is the backbone of the industry, is strong enough to control the supply of rough diamonds even though there may be some problems in South Africa."

Israeli diamond traders would like to reduce their dependence on the US and increase their share of Asian and European markets. The depreciation of the US dollar may help in this process. All business in Israel's diamonds is conducted in dollars.

Mr Schnitzer noted approvingly that in Japan 78 per cent of women have at least one diamond compared with 30 per cent, 10 years ago. In the US 87 per cent of women own at least one of the precious stones.

LONDON MARKETS

THE RECENT slide in coffee futures prices was reversed yesterday when the May position gained £175 t o£2,422.50 a tonne. But the price is still some £750 below the early January peak to which it was pushed by deepening concern about Brazilion crop prospects in the aftermath of last year's 4-month drought. Yesterday's rise was influenced by a new Brazilian damage assessment from a local broker who had just completed a tour of the drought hit areas. He forecast the coming crop at 13.15m bags (60 kilos each), somewhat less than recent trade estimates and well below the Brazilian Coffee Institute's official forecast of 16.7m bags. Meanwhile the cocoa market continued to lose groind, with the May position adding £21 to Tuesday's £27 fall at £1,693.50 a tonne—the first time the second futures position has closed below £1,700 a tonne since early December.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	798.5-9	+3.25	—
3 months	828.5-9	+4.5	834/824

Official closing (am): Cash 799-800 (798-.5), three months 828.5-9 (827-.5), settlement 800 (798.5). Final Kerb close: 826-7.

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

ZINC

[illegible]

GOLD

[illegible]

SILVER

[illegible]

MEAT

[illegible]

INDICES

FINANCIAL TIMES

Feb. 5	Feb. 4	M'th ago	Year ago
—*	—*	—*	299.21

(Base: July 1 1952=100)

REUTERS

Feb. 5	Feb. 4	M'th ago	Year ago
1850.0	1854.0	1773.4	2028.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Feb. 5	Feb 4	Month ago	Year ago
Spot	127.96	129.54	—	122.10
Fut.	125.08	127.21	—	126.38

(Base: December 31 1931=100)

* Not available due to suspension of tin LME

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Feb. 5 1986	+ or —	Month ago
Aluminium			
Free Market	$1170/180		$1165/285
Copper			
Cash h Grade	£1005.5	—5.5	£971.5
3 mths	£1035.75	—5.0	£998.5
Gold Troy oz	$337	—1.575	$332.5
Lead Cash	£263-75	+1.75	£257.5
3 mths	£274.13	+0.25	£268.75
Nickel			
Free Mkt	175/195c		169/200c
Palladium oz	$97.00	+1.00	$100.50
Platinum oz	$352.50	+1.25	$366
Quicksilver†	$220/250		$260/280
Silver troy oz	424.10p	—2.80	407.40p
3 months	436.85p	—2.80	419.20p
Tin cash	‡		‡
3 months	‡		‡
Tungsten	$65.62	+1.91	$66.92
Wolfram 22.0lb	$56/65		$53/61
Zinc	£448.5	—2.0	£455.5
3 months	£462.75	—0.13	£469.25
producers	$880/700		$880/700

OILS / GRAINS / OTHERS: [illegible]

COCOA

[illegible]

COFFEE

[illegible]

FREIGHT FUTURES

[illegible]

SUGAR

[illegible]

GRAINS

[illegible]

SOYABEAN MEAL

[illegible]

POTATOES

[illegible]

US MARKETS

[illegible]

NEW YORK

[illegible]

CHICAGO

[illegible]

SPOT PRICES—Handy and Harman silver bullion $89.50 (583,000) cents per troy ounce.

OIL

[illegible]

RUBBER

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak, pound volatile

The dollar fell yesterday afternoon in Europe, after a statement from the White House that a continuation of recent currency realignments may be required to erase the US trade deficit. This appears to contrast with recent comments from officials in Tokyo and Frankfurt, suggesting that Japan and Germany are looking for a period of dollar consolidation around Y190 and DM 2.40, perhaps followed by a gradual fall.

The dollar declined to its lowest closing level since November 1978 against the yen, at Y190.65, compared with Y192.05, and also fell to DM 2.3850 from DM 2.4145; FFr 7.31 from FFr 7.3975; and SFr 2.0165 from SFr 2.0430. On Bank of England figures the dollar's index fell to 123.4 from 124.7.

STERLING — Trading range against the dollar in 1985-86 is 1.4885 to 1.0525. January average 1.4246. Exchange rate index rose 0.1 to 73.6.

Sterling settled down during the afternoon, after a very volatile morning influenced by reports and denials about a meeting of oil ministers in Norway at the weekend. The pound was helped in early trading by Tuesday's surprisingly good figures on UK currency reserves and money supply growth, but remained nervous on weaker oil prices. A report that ministers from Britain and Norway were to meet Opec representatives at the weekend pushed up oil prices by about $1, and gave a sharp lift to the pound. The later denial from London about the UK oil minister attending a meeting, and the comment from the president of Opec that he has no plans to meet Britain and Norway, led to a retreat in oil prices, and to a decline by sterling against major currencies, apart from the dollar and yen.

The pound rose 1.45 cents to $1.3910-1.3920, and to Y265.25 from Y264.50, but fell to DM 3.32 from DM 3.3250; FFr 10.1725 from FFr 10.1875; and SFr 2.8050 from SFr 2.8125.

D-MARK — Trading range against the dollar in 1985-86 is 3.4510 to 2.3790. January average 2.4392. Exchange rate index 132.6 against 125.7 six months ago.

The D-mark rose against the dollar in late Frankfurt trading, after the statement from the Reagan Administration about a further currency realignment to correct the US trade deficit. The dollar fell to DM 2.3890 at the Frankfurt close from DM 2.4215. Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM 2.4061, compared with DM 2.4171. There was no news to influence dollar trading during the morning, but the failure of the US currency to breach DM 2.42 led to a liquidation of long positions ahead of the fixing.

JAPANESE YEN — Trading range against the dollar in 1985-86 is 263.15 to 190.65. January average 199.95. Exchange rate index 185.2 against 157.8 six months ago.

The yen eased against the dollar in fairly quiet Tokyo trading. The main reason for the dollar's improvement appeared to be short covering, while the unwinding of short sterling positions weakened the yen and the D-mark, and strengthened the pound against the dollar.

£ IN NEW YORK

(latest)

	Feb. 5	Prev. close
£ Spot	$1.3920-1.3930	$1.3720-1.3730
1 month	0.53-0.50pm	0.52-0.50pm
3 months	1.69-1.64pm	1.70-1.67pm
12 months	5.65-5.50pm	5.65-5.55pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

Feb 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.3745-1.3960	1.3910-1.3920	0.51-0.48c pm	4.27	1.60-1.55pm	4.53
Canada	1.9835-2.0108	1.9835-1.9865	0.28-0.17c pm	1.36	0.87-0.70pm	1.58

Nethlnd., Belgium, Denmark, Ireland, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switz.: [illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Rows UK†, Ireland†, Canada, Nethlnd., Belgium, Denmark, W. Ger., Portugal, Spain, Italy, Norway, France, Sweden, Japan, Austria, Switz.: [illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Feb. 5	Short term	7 Days' notice	Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for US dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Nervous trading

Sterling based instruments finished higher overall in the London International Financial Futures Exchange yesterday after a rather uneasy day's trading. Short sterling opened at 87.28 for March delivery and lost ground in early trading on profit taking. Opening levels were also near to the tope of the recent trading range and there was little incentive to push values outside.

Prices remained soft until mid-morning when rumours of a meeting between UK, Norway and Opec ministers pushed values sharply higher. Such a meeting was later officially denied and values retreated a little but sterling held steady and prices recovered to finish close to the day's highs.

Sentiment was still affected by Tuesday's UK money supply figures and a rise in UK reserves. Both were at considerable variance with most projections and left the market a little wary. However, with a relatively good set of money supply figures and the Bank of England's determination to avoid another damaging rise in clearing bank base rates, attention tended to focus on the ability of sterling to weather any speculative run.

Gilt prices were underpinned by a strong cash market and renewed buying in US Treasury bonds. The latter had registered some disappointment at the lack of interest in Tuesday's three year Treasury note auction but underlying sentiment was strengthened by hopes of lower inflation and progress towards a lower budget deficit. Last night's 10 year note auction also encouraged interest in bonds with the market hopeful of a better overall demand.

The March Treasury bond opened at 86-10 and touched a low of 86-04 before coming back to touch a best level of 86-20. It closed at 86-16 compared with 86-17 on Tuesday.

CURRENCY MOVEMENTS

Feb. 5	Bank of England Index	Morgan Guaranty Change %
Sterling	73.6	-18.1
U.S. dollar	123.4	+13.7
Canadian dollar	78.0	-13.7
Austrian schilling	123.7	+6.7
Belgian franc	93.5	-8.5
Danish Kroner	84.2	-1.9
Deutsche mark	132.6	+13.2
Swiss franc	158.0	+12.9
Guilder	122.1	+8.1
French franc	70.9	-10.8
Lira	45.8	-18.3
Yen	185.2	+55.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

[illegible]

* Selling rate.

CURRENCY RATES

[illegible]

*CS/SDR rate for February 4: 1.58808.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE): [illegible]

IMM—STERLING Se per £: [illegible]

LIFFE—STERLING £25,000 $ per £: [illegible]

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM: [illegible]

STERLING INDEX

	Feb 5	Previous
8.30 am	73.4	73.0
9.00 am	73.2	73.1
10.00 am	73.3	73.0
11.00 am	74.0	73.2
Noon	73.6	72.9
1.00 pm	73.5	72.9
2.00 pm	73.6	73.1
3.00 pm	73.7	73.5
4.00 pm	73.6	73.5

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German D-mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	6.63490	-3.34	-0.95	±1.3654
Dutch Guilder	[illegible]	2.44311	-3.13	-0.74	±1.5162
Irish Punt	[illegible]	0.714476	-1.39	+1.00	±1.6673
Italian Lira	[illegible]	1472.52	-3.16	-2.13	±4.0856

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%: [illegible]

10% NOTIONAL SHORT GILT £100,000 64ths of 100%: [illegible]

THREE-MONTH STERLING £500,000 points of 100%: [illegible]

FT-SE 100 INDEX £25 per full index point: [illegible]

CERT DEPOSIT (IMM) $1m points of 100%: [illegible]

THREE-MONTH EURODOLLAR $1m points of 100%: [illegible]

LIFFE—EURODOLLAR OPTIONS $1m points of 100%: [illegible]

LIFFE £/$ OPTIONS £25,000 (cents per £1): [illegible]

LONDON SE £/$ OPTIONS £12,500 (cents per £1): [illegible]

US TREASURY BONDS

[illegible]

CHICAGO

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%: [illegible]

US TREASURY BILLS (IMM) $1m points of 100%: [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%: [illegible]

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

Strike price	Calls—Last Feb	Mar	April	June	Sept	Puts—Last Feb	Mar	April	June	Sept
1.20	—	—	—	—	—	—	—	—	—	—
1.25	—	—	—	—	—	—	0.15	—	—	—
1.30	—	—	—	—	—	—	0.40	—	2.05	—
1.35	—	4.50	—	6.20	6.45	0.20	1.30	—	3.40	—
1.40	1.10	1.90	—	3.60	—	2.40	3.70	4.65	—	—
1.45	0.05	0.55	—	1.65	—	—	7.40	—	—	—
1.50	—	—	—	—	—	—	—	—	—	—

Previous day's open int. Calls 72,106, Puts 61,437
Volume (mid-day). Calls 1,841, Puts 3,132

MONEY MARKETS

UK rates slightly easier

Interest rates were a little weaker in London yesterday after Tuesday's better than expected money supply figures. However the market was still showing signs of confusion with a good deal of scepticism still apparent. Three-month interbank money eased to 12⅝-12½ per cent compared with 12¾-12⅝ per cent while three-month eligible bank bills were bid at 12⅜ per cent from 12½-12⅜ per cent. Overnight interbank money traded between 13¼ per cent and 11 per cent.

The Bank of England forecast a shortage of around £150m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £58m and the unwinding of sale and repurchase agreements a further £59m. There was also a rise in the note circulation of £95m. These were partly offset by Exchequer transactions which added £55m and banks' balances brought forward £25m above target. The forecast was revised to a shortage of around £250m and the Bank gave assistance in the morning of £29m. This comprised purchases of £5m of eligible bank bills in band 1 at 12⅜ per cent, £3m in band 3 at 12⅛ per cent and £21m in band 4 at 12¼ per cent.

UK clearing banks base lending rate 12½ per cent since January 9

The Bank gave further assistance in the afternoon of £116m, comprising purchases of £41m of eligible bank bills in band 1 at 12⅜ per cent, £64m in band 2 at 12⅜ per cent and £9m in band 4 at 12⅛ per cent. Late assistance came to £105m, making a total of £250m.

In Frankfurt short term interest rates were slightly lower despite a net outflow of DM 2.4bn as maturing sale and repurchase agreements of DM 10.4bn outweighed a new facility of DM 8bn. Call money remained in good supply however with commercial banks considerably ahead of this month's minimum reserve requirements. There was little expectation of any changes in interest rates at today's meeting of the Bundesbank central council following comments by the Bundesbank vice president that a fall in rates at the moment would be counter productive.

In Paris the Bank of France announced its intention to update the mechanics of its money market operations when controlling liquidity levels. The Bank will now include certificates of deposit, commercial paper and negotiable Treasury bills. Until now the Bank has dealt with commercial banks by using non-negotiable paper which could only be used in transactions with the central bank.

In Amsterdam the Dutch central bank injected Fl 1.62bn of special advances into the money market at 5¾ per cent. This will cover the period from today to February 13 inclusive and coincides with a facility maturing today which will drain Fl 3.31bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 5)

Three months U.S. dollars		Six months U.S. dollars	
bid 7⅞	offer 8	bid 7⅞	offer 8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

NEW YORK RATES

(Lunchtime)

[illegible]

LONDON MONEY RATES

[illegible]

Treasury Bills (sell): one-month [illegible] per cent; three months [illegible] per cent. Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent. Treasury Bills: Average tender rate of discount 12.0987 per cent. ECGD Fixed Finance Scheme IV reference date January 1 to February 4 (inclusive): 13.077 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12½ per cent from February 1 1986. Bank Deposit Rates for sums at seven days' notice [illegible]. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 12 per cent; one-three months 12¼ per cent; three-six months 12¼ per cent; six-nine months 12¼ per cent; nine-12 months 12¼ per cent. Under £100,000 11¼ per cent from January 14. Deposits held under Series 5 11¼ per cent. Deposits withdrawn for cash 7½ per cent.

MONEY RATES

Feb. 5	Over-night	Two Month	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NOTICE OF REDEMPTION OF CERTAIN NOTES OF

CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION, N.V.

Designated "15¾% Guaranteed Notes Due March 1, 1989"

NOTICE IS HEREBY GIVEN that Continental Illinois Overseas Finance Corporation, N.V., a Netherlands Antilles Corporation (the "Company") and a wholly-owned subsidiary of Continental Illinois Corporation, a Delaware Corporation, has elected to redeem and will redeem all of the outstanding 15¾% Guaranteed Notes due March 1, 1989 (the "15¾% Guaranteed Notes") of the Company as follows:

1. The Redemption Date is March 1, 1986
2. The Redemption Price is 101% of the principal amount of the 15¾% Guaranteed Notes;
3. All of the 15¾% Guaranteed Notes will be redeemed.
4. On the Redemption Date, the Redemption Price of $1,010 plus accrued interest from March 1, 1985 to March 1, 1986 of $157.50 will become due and payable for each $1,000 face amount of the 15¾% Guaranteed Notes and interest thereon shall cease to accrue on and after the Redemption Date;
5. The 15¾% Guaranteed Notes may be surrendered, with all coupons maturing after the Redemption Date attached, for payment at:
   a. Continental Bank International, 520 Madison Avenue, New York, NY 10022
   b. Continental Illinois National Bank and Trust Company of Chicago, Corporate Trust Operations, 10th Floor, 30 North LaSalle Street, Chicago, IL 60697
   c. Continental Illinois National Bank and Trust Company of Chicago, Bockenheimer Landstrasse 24, 6000 Frankfurt Main, Germany
   d. Continental Illinois National Bank and Trust Company of Chicago, Continental Bank House, 162 Queen Victoria Street, London EC4V 4BS
   e. Continental Bank SA/NV, Rue De Loi 227, 1040 Brussels, Belgium
   f. Continental Illinois National Bank and Trust Company of Chicago, 10 Avenue Montaigne, Paris 75008, France
   g. Amsterdam-Rotterdam Bank N.V., Herengracht 595, Amsterdam 1017 CE, P.O. Box 283, The Netherlands
   h. Banque Generale de Luxembourg S.A., 14 Rue Aldringen, Luxembourg
   i. State Street Bank, Bahnhofstrasse 18, P.O. Box 5031, 8022 Zurich, Switzerland

Continental Illinois National Bank and Trust Company of Chicago, *Fiscal Agent*

Dated: January 29, 1986

To the Holders of

JUSCO CO., LTD.

6% Convertible Bonds Due 1992

NOTICE OF FREE DISTRIBUTION OF SHARES AND ADJUSTMENT OF CONVERSION PRICE

Pursuant to Clause 7 (B) of the Trust Deed dated June 16, 1977 under which the above described Bonds were issued, you are hereby notified that a free distribution of Shares of our Company at the rate of 0.05 share for each one share held will be made to shareholders of record as of February 20, 1986.

As a result of such distribution, the Conversion Price at which shares are issuable upon conversion of said Bonds will be adjusted pursuant to Condition 5(C) of the Bonds from 767.7 Japanese Yen to 731.1 Japanese Yen effective as of February 21, 1986.

JUSCO CO., LTD.

Dated: February 6, 1986

Company Notices

IRELAND

US$100,000,000

Private Placement Issue due 1997/2000

(Coupon No. 2)

Pursuant to note conditions, notice is hereby given that for the interest period 6th February 1986 to 6th August 1986, an interest rate of 8 1/16% per annum will apply.

Amount per Coupon = US$41,164.93.

Papayable on 6th August 1986.

Reference Agent:
The Long-Term Credit Bank of Japan, Ltd., London Branch.

LONDON SHARE SERVICE

BRITISH FUNDS

1985/86 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99½	96¼	Treas. 10pcCnv 1986	99½	+⅛	10.05	12.64
97⅛	92¾	Treas 3pc 1986	97½	-⅛	3.07	11.51
100	97½	Exch. 10½pc 1986	99¼		10.57	12.68
101⅞	99⅛	Treas 12pc 1986	99½	+⅛	12.04	12.76
98½	94¼	Treas 8¼pc 1984-86‡‡	98⅛	....	8.62	11.93
105⅛	100½	Exch. 14pc 1986	100½	....	13.89	12.66
95⅝	87½	Exch. 2½pc 1986	95¼	.....	2.63	8.83
104⅛	100⅝	Exch. 13¼pc 1987	100¼	....	13.15	12.37
99½	96⅝	Treas 10¼pcCv '87	98⅛xd	....	10.45	12.36
93⅝	85½	Exch 2½pc 1987	93¼xd	+⅛	2.71	9.42
100⅛	96¼	Exch. 10½pc 1987	98⅛	+⅛	10.71	12.34
95⅛	89	Funding 6½pc '85-87‡‡	94½	..	6.88	11.39
99⅛	95½	Treas. 10pc 1987	97⅛	+⅛	10.26	12.08
92⅛	84¼	Treas 3pc 1987	91¼	....	3.29	9.69
102½	99⅛	Treas. 12pc 1987	100⅛	+¼	11.99	11.91
95⅛	90¼	Treas 7¾pc 1985-88‡‡	93¾	+¼	8.27	11.37
100⅛	95⅛	Exch 10½pc '88	97½	+⅛	10.75	11.68
98⅛	93⅛	Treas 9¾pc Cv '88	96	+¼	10.17	9.16
87⅛	80	Transport 3pc '78-88	87	...	3.45	9.15
97⅞	91½	Treas. 9½pc '88	94¼	+¼	10.03	11.79
102⅛	97½	Treas 11½pc 1989	99⅛xd	+¼	11.55	11.69
97⅛	90¼	Treas 9½pc Cnv. '89	94¼	+¼	10.08	11.69
84⅛	79	Treas 3pc 1989	83¼		3.60	9.02
99⅞	94	Treas 10½pc 1989	97	+⅛	10.82	11.59
98⅛	92	Exch 10pc 1989	95⅛	+⅛	10.49	11.69
101⅛	95	Exch 11pc 1989	98⅛	+⅛	11.22	11.65
86⅛	79	Treas 5pc 1986-89	85		5.88	9.95

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

1985/86 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
104	63	♦Midland Marts	92	...	4.0	2.1	6.2	11.0
93½	55½	Mitchell Cotts	78	–½	4.25	2.0	8.7	(7.1)
91	78	♦Mosaic & Crane 10p	92		2.7	2.7	4.2	12.5
247	182	Morgan Crucible	242	+1	8.5	1.6	5.0	16.8
33	20½	♦Morris (W. F.) A 20p	18	–½	0.5	♦	4.0	♦
131	91	Moss (Robt.) 10p	105		3.0	2.7	4.1	11.3
81	68	Neyton Grp 10p	79	–1	2.5	3.4	4.5	15.0
330	214	♦NMW Computers	275	–5	4.8	2.7	2.5	21.1
43	27	Nash Inds.	32		0.5	—	2.2	—
48	15	Neil & Spencer 10p	29		—	—	—	6.0
44	14½	Newman Inds 10p	31	–1	0.7	—	1.4	(47.7)
58	26	Nolton	56		0.95	2.6	2.4	8.0
216	146	Norcros	188		8.6	2.0	6.5	10.2
67	45	Nu-Swift 5p	52		3.0	1.9	8.2	8.4
134	68	Oakwood Grp.	80		5.0	♦	8.9	♦
250	150	Office & Elect.	203		7.5	2.6	5.3	10.4
108	71	Oldacre 20p	73	+2	4.0	2.6	8.0	6.3
58	32	♦Optometrics $0.01	32	–2	0.02	—	4.9	—
525	312½	Orrflame £1	500		23.4	1.8	4.7	11.8
18	5½	Overstone 12½p	9		0.23	1.9	11.6	4.5
£271	£158	Ozalid 9pc Cnv 87-92	£255		Q9%	—	3.6	—
185	95	♦PCT Grp 10p	180		3.2	1.2	6.7	24.0
£14½	850	PLM 'B' Sk 25	£14	+¼	Q2.4%	2.9	3.5	9.8
193	114	PSM Intl.	135		5.25	2.5	6.4	8.1
193	115	♦Pacer Systems $0.01	160		1.84c	—	7.8	—
68	50	♦Pacific Sales 10p	66		3.0	2.1	6.5	8.7
243	120	Park Place 10p	230		6.25	1.9	3.9	19.3
296	165	Parker Knoll 'A'	260	–5	9.5	2.9	5.2	9.5
245	45	♦Parkfield Group 5p	245	+10	2.4	2.4	1.4	41.0
80	37	♦Paxton Intl.	42		—	—	—	—
£190	£101	Do 11pc Cnv '94-02	£190		Q11%	—	10.7	—
435	287½	Pearson	405	+12	8.5	3.0	3.0	14.4
29	12	Peck Holdings	14	–1	—	—	—	—
96	71	Peerless	96		6.3	—	9.6	—
362	98	Pentland 10p	330	–20	0.87	20.4	0.4	14.8
850	440	Photo-Me	850	+25	5.25	7.7	0.9	19.2
358	248	Pilkington Br £1	350	–1	12.5	2.5	5.1	8.7

MINES—Continued

Miscellaneous

1985/86 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
55	30	Anglo-Dominion	30		—	—	—
42	33	Anglo Utd Dev.	38	–3	0.05	♦	3.9
120	48	♦Colby Res Corp	60	–20	—	—	—
553	175	Cons. Murch 10c	250		80c	3.9	‡
40	24	♦Emess Ire. Ir 10p	30		—	—	—
123	70	Greenwich Res	70		—	—	—
215	115	Hampton Areas 10p	127	–3	3.75	0.9	4.0
260	135	♦Highwood Res.	195		—	—	—
£22½	£15½	Homestake Mining $1	£17½	–1	0.20c	—	0.9
310	255	♦McFinley Red Lake	200	–10	—	—	—
335	195	♦Mountain Explorations	280	–20	—	—	—
55	23	♦New Sabina Res C$1	42	–3	—	—	—
375	195	Northgate C$1	220	–20	—	—	—
685	507	RTZ	565		20.0	2.8	5.1
£145	£114½	Do. 9½pc Ln '95-2000	£124	–1	Q9½%	14.0	(7.7)
980	800	♦Tara Explm $1	925	–11	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☒ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¤ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1985. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	102	...	Fin 13% 97/02	£105½	+½
Craig & Rose £1	650	..	Arnotts	231	+1
Finlay Pkg 5p	46	.	CPI Hldgs	60	.....
Holt (Jos) 25p	720		Carroll Inds.	145xd	.
IoM Stm £1	52	...	Dublin Gas	35	
			Hall (R & H)	60	
IRISH			Heiton Hldgs	26	
Fund 11¾% 1982	£97½	+¼	Irish Ropes	49	
Nat 9¾% 84/89	£93½	+¼	Unidare	130	...

"Recent Issues" and "Rights" Page 38
(International Edition Page 34)

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan 13	Jan 23	Jan 24	Feb 3
Jan 27	Feb 6	Feb 7	Feb 17
Feb 10	Feb 20	Feb 21	Mar 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

Gilts respond as fears of higher base rates recede further

The chances of avoiding a rise in clearing bank base rates improved further yesterday but only the London bond market showed any significant response. Following Monday's banking statistics and official reserves, sterling recovered steadily against a weak dollar and commercial rates for credit fell back to 12¾ per cent. Crude oil prices rallied too on an agency report of a secret meeting this weekend in Norway; the Department of Energy denied that the UK oil minister would be attending.

Gilt-edged securities began with some promise but demand faltered around mid-session and prices started to fluctuate in unison with the ebb and flow of Gilt futures. After a spell of indecision, the market later responded more positively to the rising pound and the tempo quickened. A US source was reported to be a sizeable buyer of the recently-exhausted tap stock, Treasury 10 per cent 2003, and with domestic investors also displaying a keener appetite some long bonds settled with gains of a point. Interest rate considerations continued to check the shorts, which established rises of only ⅛.

Sterling finally gained nearly 1¼ cents against the dollar which weakened after reports of the Reagan administration stating that a further currency realignment may be needed to ease the US trade deficit.

Equity investors were unimpressed by the more favourable developments and both main indices turned back from higher early levels. The better exchange rate militated against demand for international stocks and few blue chip issues were able to make upward progress. Despite revived firmness in constituent Courtaulds, the FT Ordinary share index slipped from an early interday record of 1167.3 to close 0.8 down on the day at 1163.1. The FT-SE 100 share index ended 7.5 lower at 1424.1. Secondary industrials tended to catch up with Tuesday's late advance in the leaders.

Clearers lower

Latin American debt worries deterred fresh support for the major clearing banks. Consequently, quotations drifted lower with **Barclays** and **Lloyds** closing 7 and 9 down respectively at the common level of 443p. **Midland** fell 7 to 423p and **NatWest** cheapened 6 to 682p. Among merchant banks, **Mercury Securities**, in which Mr Saul Steinberg of the US has over an 11 per cent stake, firmed 10 to 725p, while associated stockjobbing concern, **Akroyd and Smithers** rose the same amount to 555p in sympathy.

Buying in response to a broker's recommendation helped **Lloyds Broker Sedgwick** advance 12 to 400p, after 403p.

Suggestions that Mr Jimmy Gulliver's **Argyll Group** is set to increase its unwelcome offer for **Distillers** stimulated a lively business in the latter which settled 15 higher at 580p. Argyll eased a couple of pence to 348p, while rival suitors **Guinness** gave up 3 to 292p.

Leading Buildings displayed irregular movements. **Blue Circle** drifted off to close 5 cheaper at 535p, but **Redland**, still reflecting the Texas development deal, gained that much, to 386p. **Rugby Portland Cement** softened 2 to 150p in the absence of any bid developments and **Cement Roadstone** lost 2 to 89p on Irish interest rate worries. Elsewhere, **Raine Industries** gained 6 to 28p, on the announcement that Suter had reduced its holding to 4.9 per cent which prompted speculation that the stake had been passed on to a potential bidder. **Higgs and Hill** attracted support following a broker's seminar and rose 10 to 460p, while **Attwoods** firmed 5 to 145p on speculative interest. **Howard Shuttering** remained on offer in the wake of the poor interim results and shed 2 more to 31p.

ICI were dominated by currency influences and settled 7 cheaper at 827p. Among other Chemicals, renewed speculative buying lifted **Rentokil** 4 to 168p, while revived support left **Croda International** 3 better at 133p.

Burton dull

Leading Stores, supported on Tuesday after the better-than-expected banking statistics, failed to attract follow-through interest as investors expressed renewed doubts over interest rate trends. **Burton**, additionally unsettled by details of an $80m five year note issue, closed 16 off at 527p. **Gussies A** dipped 12 to 742p, while **Woolworth** fell 11 to 452p. **Marks and Spencer**, up to 176 initially, reacted to 170p — a net decline of 5.

Amstrad returned to prominence in Electricals, jumping 24 to a new peak of 274p following publicity given to the profits potential of the group's new compact disc playing systems. The bullish tenor of the chairman's AGM address attracted buyers to **Tunstall Telecom** which closed 25 to the good at 250p, while **Datron International** touched 95p before closing a net 8 higher at 88p following the impressive interim results and confident statement regarding prospects for the second-half. **Bowthorpe** advanced 15 to 420p, after 428p, in a thin market, while improvements of 7 and 8 respectively were seen in **Powerline**, 135p, and **MK**, 298p. **Micro Business Systems** dropped 5 to 73p on further consideration of the proposed rights issue and rescue package and **Unitech** dipped 8 to 220p after comment on the half-year figures. Among the quietly dull leaders, **Thorn EMI** gave up 8 at 384p.

FINANCIAL TIMES STOCK INDICES

	Feb 5	Feb. 4	Feb. 3	Jan. 31	Jan. 30	Jan. 29	year ago
Government Secs	81.51	81.15	80.89	†81.34	81.23	81.11	79.62
Fixed Interest	87.13	86.82	87.17	87.24	87.18	87.14	83.61
Ordinary ♥	1163.1	1163.9	1155.3	1161.0	1156.4	1150.0	983.3
Gold Mines	330.4	338.2	344.9	341.3	342.8	337.9	487.8
Ord. Div. Yield	4.44	4.44	4.46	4.45	4.46	4.48	4.37
Earnings, Yld. %(full)	10.80	10.79	10.86	10.82	10.85	10.89	10.92
P/E Ratio (net) (*)	11.53	11.54	11.46	11.51	11.47	11.43	11.00
Total bargains (Est.)	25,205	26,919	26,099	28,003	25,264	29,194	23,713
Equity turnover £m.	—	499.13	439.76	525.72	535.52	632.15	379.12
Equity bargains	—	20,285	25,182	23,881	23,765	26,795	21,388
Shares traded (ml)	—	285.4	222.6	248.0	256.6	289.9	182.3

♥ 10 am 1166.8. 11 am 1162.8. Noon 1162.5. 1 pm 1162.3. 2 pm 1162.3. 3 pm 1162.9. 4 pm 1162.5. Day's High 1167.3. Day's Low 1162.2. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=11.09.

HIGHS AND LOWS

—	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10/85)	78.02 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.98 (28/10/85)	82.17 (28/1/85)	150.4 (28/11/47)	50.53 (6/1/75)
Ordinary	1163.9 (4/2/86)	911.0 (25/7/85)	1163.9 (4/2/86)	49.4 (26/6/40)
Gold Mines	536.9 (15/4/85)	217.6 (5/11/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITIES

INDICES	Feb 4	Feb. 5
Daily Gilt Edged Bargains	145.5	134.9
Equities Bargains	131.1	163.2
Value	1008.9	888.9
5 day Average Gilt Edged Bargains	131.4	133.5
Equities Bargains	164.0	161.9
Value	1063.5	1110.6

Selected secondary Engineering issues encountered support. **Baker Perkins** were noteworthy for a further rise of 12 at 253p, while **Delta Group** advanced 10 to 199p in a market none too well supplied with stock. Speculative activity lifted **James Neill** 11 to 184p. **Davy Corporation** came to life with a rise of 5 at 98p. Smaller priced issues were featured by a burst of activity in **West Bromwich Spring**, 3½ dearer at 19½p, after 22p, and **United Spring**, 4 higher at 38p. **Westland**, down to 108p at one stage rallied to close only a couple of pence cheaper on balance at 111p.

Foods made a drab showing. **Northern Foods** were a particularly dull market and closed 10 lower at 268p following a profits downgrading by brokers Wood Mackenzie. **Unigate** shed 4 to 223p in the wake of a sizeable put-through, while **Rowntree Mackintosh** goes up 10 to 418p on profit-taking. **United Biscuits** softened 3 to 234p on lack of interest, but **Tate and Lyle** edged up a couple of pence to 550p following the annual meeting. Among secondary issues, **Bassett** gained 9 to 162p as takeover speculation revived.

Hotels made another firm showing. **Trusthouse Forte** were a good market and gained 5 to 155p, while **Queens Moat Houses** firmed 2½ to 65½. **Garfunkels** attracted speculative buying and put on 6 to 144p. **Scott's Restaurant** returned from suspension at 565p and moved up to 625p following details of the Connaughts Restaurants acquisition.

Reed Int. up again

Leading miscellaneous Industrials presented a mixed appearance. **Reed International**, still reflecting a broker's recommendation, advanced 11 more to 700p, while **Glaxo** edged up 7 more to 890p and **Metal Box** hardened 5 to 630p. In contrast, falls of 5 were marked against **BTR**, 400p, and **Boots**, 236. **Beecham** eased to 353p before settling only 3 off on balance at 358p. Elsewhere, **Associated British Ports** were noteworthy for a revival at 402p, up 12, while **Booker McConnell** continued to respond to recent Press mention with a further rise of 11 at 298p. **Smiths Industries** advanced 10 to 252p amid vague takeover talk. Press mention prompted interest in **Macarthys Pharmaceuticals**, 9 to the good at 289p, but adverse comment left **British Bloodstock** 8 down at 212p. **Armour Trust** came to life with a rise of 4 at 30p, after 31p, while **Low and Bonar**, awaiting Monday's preliminary results, advanced 10 to 390p. Sustained by bid hopes, **Beatson Clark** put on 10 more at 160p. **Pearson** revived with a gain of 12 to 405p and **Grampian Holdings** edged up 4 more to 192p. **Ashley Industrial Trust**, a current shell situation, met with persistent profit-taking and touched 71p before settling 8 cheaper on the day at 74p.

BL, a buoyant market since the disclosure that talks are in progress for the possible sale of its commercial vehicle division and Austin-Rover operation, reacted to "take-profits" advice and dipped to 53p before settling 12 cheaper on balance at 59p. **Jaguar**, also well supported of late, encountered sporadic profit-taking and fell 7 to 420p, after 411p. Distributors continued to attract occasional interest with gains of around 4 common to **Hartwells**, 80p, **Cowie**, 94p, and **Godfrey Davis**, 127p.

Rumoured shell situation **Delyn Packaging** featured Paper/Printings with a speculative gain of 10 at 110p, after 113p. Perennial takeover favourite **DRG** moved up 3 at 213p and **Norton Opax** closed 5 dearer at 148p.

Leading Properties failed to build on the previous day's late upturn. **Land Securities** and **MEPC** shed 5 and 4 respectively to close at the common price of 288p, but **Haslemere Estates** managed to buck the trend and touched 504p prior to closing a net 7 up at 500p.

Coats Patons touched a new 1985-86 peak of 226p before settling 2 dearer on balance at 225p amid talk of an imminent counter-bid to the proposed merger with **Dawson International**. **Courtaulds** and **Vantona Viyella** were mentioned as likely suitors the former rose 4 more to 220p, while Vantona, scheduled to reveal preliminary results during the new Account, improved 10 to 450p; Dawson hardened 8 to 204p. Revived support was evident for **Illingworth Morris**, 6 higher at 103p, but the termination of bid discussions left **Atkins Bros (Hosiery)** 25 cheaper at 150p.

Among Tobaccos, **Bats** eased a few pence to 345p following the full-year figures from its Brazilian subsidiary. **Imps**, down to 247p initially, rallied to 252p, a net rise of 2. **Rothmans International**, depressed earlier in the week by disappointing third-quarter figures from its Canadian operation, recovered strongly in the wake of a reported chart "buy" signal and finished 8 dearer at 141p, after 144p.

Oils retreat

The oil sector remained depressed. Fears over probable increased oil output by Opec countries saw the leaders open on a weak note before rumours of a weekend meeting between the UK and Norwegian oil ministers and Opec officials brought about a modest rally in mid-morning. A subsequent dismissal of the rumoured meeting saw crude prices ease late and share prices dip again to close at or around the day's lowest levels.

BP were finally quoted 9 off at 547p—a three-day loss of 30—while **Shell** gave up 3 to 660p. **Britoil** shed 4 to a 1985-86 low of 186p and **LASMO** lost 5 to 165p. **Ultramar** fell a like amount to 203p. **Tricentrol** moved against the trend and edged up a couple of pence to 140p, still sustained by takeover speculation, while bid rumours also encouraged good demand for **IC Gas** which rallied strongly from an opening level of 272p to end the day a net 12 better at 287p.

Overseas Traders again presented an irregular profile. **Polly Peck** responded to the company's reassuring statement on current trading and rallied a few pence to 143p, after 145p, but profit-taking left recent takeover favourite **Inchcape** 11 cheaper at 365p.

Mining markets remained disturbed by th continuing weakness in precious metal prices and lost further ground. Bullion dropped to around $332 in New York overnight, unsettled by the substantial retreat in silver values in recent days, but picked up during London trading to end the session at $337—a fall of $1.625 on the previous London close.

South African Golds opened sharply lower, reflecting persistent US selling overnight, and continued to drift easier in relatively light London trading. Continental and Johannesburg support steadied prices in mid-morning but renewed offerings from the US late in the session left most quotations at or around the day's lows.

Losses in sterling terms were alleviated to a certain extent by the improvement in sterling against the dollar. The Gold Mines index slipped a further 7.8 to 330.4 for a two-day decline of 14.5.

Falls in the heavyweights stretched to ¾, as in **Buffels**, £18¾, **Vaal Reefs**, £56¾ and **President Brand**, £18½, while notable weak spots in the cheaper priced issues included **Kloof**, 25 off at 581p and **Hartebeest**, 12 down at 310p.

South African Financials were similarly unsettled. **De Beers** gave up 10 to 415p, "**Amgold**" fell £2 to £51 and **Gold Fields of South Africa** 50 to 975p.

The rise in sterling against the Australian dollar, a steep decline by overnight Sydney and Melbourne markets and the recent retreat by the gold price left "down-under" mines showing widespread losses. Golds remained under sustained pressure and **Central Norseman** lost 10 more to 343p—a two-day fall of 35.

Traded Options

Imperial Group continued to dominate business in Traded Options as operators took out *fresh positions awaiting* the Office of Fair Trading's decision regarding the Hanson Trust and United Biscuits situations. Imps recorded 2,137 calls, 1,179 of which were transacted in the February 240s, 3 dearer at 21p; Imps also attracted 1,209 puts, with the February 240s again proving popular with 883 trades struck. Total contracts done amounted to 13,033, comprising 9,252 calls and 3,781 puts.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 3	Feb 14	May 8	May 19
Feb 17	Feb 28	May 29	June 9
Mar 3	Mar 14	June 12	June 23

For rate indications see end of Unit Trust Service

Money was given for the call of **Regalian Properties**, **Rosehaugh**, **Pavion**, **Samuel Properties**, **Paterson Zochonis**, **Staveley Industries**, **Polly Peck**, **BL**, **Armour Trust**, **V. W. Thermax**, **West Coast**, **Aquarius**, **Brunswick**, **Southwest Resources**, **Amstrad**, **Aitken Hume**, **Lonrho**, **STC**, **Ward White**, **Imperial Group**, **Horizon Travel**, **Manganese Bronze**, **CASE** and **Britoil**. Puts were taken out in **Parkfield** and **BL**, while double options were done in **Audiotronic** and **Acorn Computers**.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P/E Ratio
$150	F.P.	28/2	170	166	✠Brookmount	168	......	bg3.5	4.4	3.0	10.9
587	300	7/3	310	285	Cable & Wireless 50p	300	......	F9.5	2.9	2.3	16.6
$63	F.P.	23/1	76	64	✠ChancerySecurities	75	+4	bg2.9	2.5	4.2	11.5
$65	F.P.	10/1	88	85	✠Chart. Foulks Lynch	86	......	bg3.0	1.9	4.9	15.4
120	F.P.	24/1	130	118	Chetwynd Streets 5p	128	−2	b2.11	3.3	2.4	17.5
$56	F.P.	31/1	63	59½	✠Granyte Surface 10p	60	......	b2.1	2.5	5.0	10.9
—	F.P.	—	176	100	Intl. Inv. Tst. J'rsy wts	152	......	—	—	—	—
120	F.P.	10/1	125	116	✠Jacques Vert 10p	119	......	bg5.5	1.9	6.6	11.1
18	F.P.	6/3	120	115	Klearfold Inc. $0.01	120	+2	bQ4.7c	3.0	2.6	12.8
105	F.P.	14/3	128	112	Macro 4 5p	125	+1	bq1.0	6.5	1.2	18.9
$127	F.P.	7/3	134	126	✠Microsystems 10p	128	......	bg1.78	4.5	2.0	18.1
¶¶330	F.P.	21/2	365	333	Really Useful Grp. 5p	355	+5	b11.25	2.3	4.5	11.6
100	F.P.	9/1	119	106	SAC Intnl. 10p	118	+2	b1.5	3.6	1.8	20.4
$101	F.P.	14/2	107	87	✠Sigmex Intl.	87	......	u0.55	19.5	0.9	8.1
¶¶	F.P.	—	316	277	Storehouse 10p	298	−7	u6.7	2.8	2.7	18.8
††	F.P.	—	10	7	Telfos Warrants	10	+2½	—	—	—	—
$90	F.P.	—	103	67	✠WYorks.Ind.Hos.5p	78	+5	b4.0	1.8	7.3	10.5
140	F.P.	7/3	144	140	✠Wickes 40p	140	......	bg2.0	4.7	2.0	14.8

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −
97.203	25	4/4	24⅝	20¼	Allied Lon.Props.10½%1stMort.Deb.2025	21¼	+¼
¶¶	F.P.	—	104½	104	Anglo-Nordic 11¼% Cm. Pf.	104	......
¶¶	F.P.	—	93	93	Do. 10% Cnv. Uns. Ln. '89/92	93	......
$99.745	£25	11/4	26¼	23¾	First Scot. Am. 11¼% Deb. 2016	25½	+⅝
£12*	F.P.	—	112½p	87p	Intl. Inv. Tst. Jersey 13% Cum. Red. Pf	93p	−1
‖	Nil	27/3	8pm	5pm	Lon.Shop Prop.9¼%Cnv.Uns.Ln.'99/04	6pm	+1
100	£10	30/5	10½	10	Mid Sussex Wtr.8¼% Red. Pref. 1996	10½	......
—	F.P.	—	99⅛	98⅛	Nationwide Bldg. Soc. 12% 12/1/87	98⅛	−⅛
—	F.P.	—	99⅞	99¾	Do. 12½% 9/2/87	99⅞	+⅛
$99.513	£40	26/2	40¾	36	Rosehaugh Greycoat 11%1st Mt Db 2014	37	+⅞
††	F.P.	—	94	92	Telfos 9% Pref.	92	......
$99.706	£40	28/2	40¼	36¼	T. T. Finance 11⅛% Gtd. Deb. 2016	38½	+½

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or −
82	Nil	3/3	18pm	7pm	✠Cannon St. Invs. 20p	12pm	+1
100	F.P.	7/3	125	115	Chemring Cnv. Pfd. Ord. 5p	117	......
750	Nil	21/3	80pm	60pm	CALA 50p	60pm	−5
Dm556	Nil	—	45pm	30pm	Commerzbank Dm10	30pm	......
235	Nil	13/3	53pm	38pm	Cray Electronics 10p	38pm	−2
R 8.50	Nil	7/2	140pm	90pm	East Rand Prop	90pm	−29
33	F.P.	21/2	55	49	Goal Petroleum 5p	52	−2
240	F.P.	21/2	310	267	Hogg Robinson	310	+1
16	F.P.	19/2	29	17	✠Imreo 10p	28	......
365	F.P.	7/3	480	400	Peel Hldgs	480	+10
16	F.P.	7/3	18½	17½	Stormgard 10p	17½	......
‡‡200	F.P.	27/3	70	68	Telfos	70	+2
70	F.P.	17/2	85	79	Triplex	85	......
82	F.P.	28/2	118	80	Unigroup 15p	114	+8
35	Nil	10/3	7pm	5pm	Walker (C & W) 15p	5pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *F* Forecast dividend cover on earnings updated by latest interim statement. *H* Dividend and Yield based on prospectus or other official estimates for 1986. *r* Indicated dividends: cover relates to previous dividend: p/e ratio based on latest annual earnings. *u* Forecast otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). * Units comprising 12 preference shares and one warrant, at £12 per unit. †† Units comprising two ordinary, one preference and one warrant.

NEW HIGHS AND LOWS FOR 1985/6

NEW HIGHS (86)

BRITISH FUNDS (1) Treas. 10pc 2003. AMERICANS (3) Colgate-Palmolive, Ford Motor, Gillette. BANKS (1) Banco de Bilbao. BUILDINGS (6) Attwoods, Gleeson (M. J.), Higgs & Hill, Persimmon, Redland, Do. Warrants. CHEMICALS (4) BASF, Bayer, Hoechst, Snia BPD. STORES (2) Allebone, Dixons Group. ELECTRICALS (3) AMS Inds., Amstrad, Control Techniques. ENGINEERING (8) Baker Perkins, Delta Group, Greenbank, Hawker Siddeley, Martonair Internatl., Neill (James), Tex Holdings, United Spring. FOODS (4) Cheshire Wholefoods, Craddick Mill, Jacob (W. & R.), Lees (John J.). HOTELS (1) Garfunkels Restaurants. INDUSTRIALS (24) Bodycote Internatl., Bridport-Gundry, British Vita, Browne & Tawse, Cookson, [illegible], Grampian Holdings, Hargreaves, ISD Computer, Keep Trust, Low & Bonar, MY Dart, McCarthys Pharm., PLM 8, Parkfield, Photo-Me, Portals, Smith Industries, Spear (J. W.), Technology for Business, Tiphook, Triefus, UDO, Waterford Glass. INSURANCE (2) Marsh & McLennan, Stewart Wrightson. LEISURE (1) Anglia TV. MOTORS (4) Automotive Products, British Car Auction, Cowie (T.), Davis (Godfrey). NEWSPAPERS (2) Independent, News International. PAPERS (4) Aspen Communications, Clondalkin, Norton Opax, Scott Paper. PROPERTY (4) Bairstow Eves, London & Edinburgh 6½pc Cnv. Pf., Property Prtnrshs., Town Centre Sec. TEXTILES (4) Coats Patons, Courtaulds, Illingworth Morris, Sunbeam Wolsey. TRUSTS (8) British Assets, England & NY Trust, Foreign & Colonial, Keystone Invs., Northern American, Scottish National, Tor Invest. Cap., Parrish (J. T.).

NEW LOWS (31)

INT. BANK & O'SEAS GOVT. STERLING ISSUES (1) Mexico 16½pc 2008. AMERICANS (2) Cenergy Corp., Texaco. CANADIANS (4) Bank of Nova Scotia, Bow Valley, Imperial Oil, Royal Bank of Canada. BUILDINGS (3) Chesterminster, Howard Shuttering, International Amco. CON. STORES (1) Gee (Cecil). ELECTRICALS (1) Kewill Systems. INDUSTRIALS (2) British Bloodstock, Optometrics. TRUSTS (2) Energy Res. & Services, Equity Finance. OILS (13) Atlantic Resources, Britoil, Bryson Oil, Crusader Oil, Hamilton Oil, LASMO, Marinex Pet., Monarch Petroleum, New Court Natural Resources, New London Oil, Pabo Oil, Phoenix Oil & Gas, Sceptre Resources. MINES (2) Auxwalm Res., Southern Resources.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	82	2	25
Corpns. Dom. and Foreign Bonds	39	5	38
Industrials	302	309	906
Financial and Props.	74	115	382
Oils	10	53	62
Plantations	1	1	17
Mines	12	99	71
Others	38	113	68
Totals	558	696	1,568

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Wed Feb 5 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Tues Feb 4 Index No.	Mon Feb 3 Index No.	Fri Jan 31 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (213)	601.75	—	9.48	3.83	13.25	0.80	601.92	599.83	600.51	543.87
2	Building Materials (24)	647.82	—	10.17	4.19	12.32	6.34	647.96	647.15	652.25	494.44
3	Contracting, Construction (27)	945.98	+0.5	9.56	4.49	13.71	1.80	941.78	941.39	950.48	717.89
4	Electricals (13)	1693.78	−0.5	8.65	4.48	15.08	0.00	1702.88	1705.10	1687.35	1600.38
5	Electronics (39)	1459.31	−0.3	10.06	3.11	13.05	5.21	1464.24	1459.70	1456.58	1731.77
6	Mechanical Engineering (63)	337.39	+1.0	10.40	4.36	11.71	0.13	334.12	333.88	334.40	286.41
8	Metals and Metal Forming (7)	265.16	—	8.31	6.16	14.69	0.00	265.21	265.57	267.12	175.29
9	Motors (18)	239.57	−0.4	9.98	3.84	12.19	0.22	240.44	237.15	234.76	157.25
10	Other Industrial Materials (22)	1083.69	−0.5	7.05	3.31	16.92	0.07	1089.60	1081.85	1084.27	923.01
21	CONSUMER GROUP (183)	780.12	−0.4	8.56	3.57	14.65	0.83	783.01	777.05	782.91	634.75
22	Brewers and Distillers (23)	793.87	—	9.59	3.89	13.33	1.10	793.89	786.98	797.85	571.73
25	Food Manufacturing (22)	570.39	−0.9	10.56	4.43	12.26	1.10	575.38	576.14	578.90	497.94
26	Food Retailing (14)	1696.95	−0.6	6.91	2.70	19.56	5.68	1707.62	1707.52	1713.71	1475.82
27	Health and Household Products (9)	1332.74	+0.2	5.73	2.46	20.48	0.02	1329.56	1317.74	1316.26	1032.29
29	Leisure (25)	777.31	+1.1	7.26	4.44	17.58	2.13	768.68	765.39	773.55	695.11
32	Publishing & Printing (13)	1986.79	+1.4	8.51	4.58	14.83	2.36	1958.44	1938.72	1947.10	1677.14
33	Packaging and Paper (15)	391.73	+0.6	8.82	4.06	13.49	0.09	389.42	388.72	388.13	309.74
34	Stores (43)	730.81	−1.9	7.32	2.97	18.47	0.17	744.79	734.22	743.39	542.90
35	Textiles (16)	436.26	+1.7	10.17	3.97	11.15	0.00	429.06	429.79	430.70	327.69
36	Tobaccos (3)	952.23	−0.1	14.11	4.87	8.04	0.00	953.61	939.93	950.58	996.84
41	OTHER GROUPS (85)	723.02	−0.3	9.46	4.03	13.06	0.50	724.98	722.42	723.60	673.99
42	Chemicals (19)	799.86	−0.4	12.51	4.84	10.57	2.32	802.98	794.53	788.11	824.58
44	Office Equipment (4)	233.43	−1.4	6.82	4.31	17.48	0.12	236.86	239.58	238.61	175.08
45	Shipping and Transport (12)	1394.13	+0.2	7.34	4.16	16.87	0.00	1391.00	1389.93	1412.35	1132.91
47	Telephone Networks (2)	866.45	−0.8	9.51	3.78	14.42	0.00	873.53	872.73	874.86	781.69
48	Miscellaneous (48)	885.13	+0.7	7.70	3.64	15.87	0.12	878.76	874.83	879.21	844.16
49	INDUSTRIAL GROUP (481)	727.23	−0.3	9.01	3.75	14.08	0.76	729.12	725.86	728.30	629.76
51	Oil & Gas (19)	1105.81	−1.1	18.67	7.91	6.34	0.00	1118.26	1135.87	1148.03	1195.76
59	500 SHARE INDEX (500)	760.17	−0.4	10.11	4.22	12.37	0.70	762.90	760.51	764.47	676.97
61	FINANCIAL GROUP (119)	522.70	−0.3	—	4.63	—	0.00	524.50	522.63	526.99	457.83
62	Banks (7)	517.21	−1.2	17.84	6.06	7.92	0.00	523.42	517.33	527.67	477.13
65	Insurance (Life) (9)	797.29	—	—	4.27	—	0.00	796.99	798.71	799.09	604.19
66	Insurance (Composite) (7)	418.82	−0.2	—	4.69	—	0.00	419.81	416.53	419.64	323.81
67	Insurance (Brokers) (8)	1301.32	+1.3	6.50	3.29	20.54	0.95	1284.37	1281.39	1286.73	1160.20
68	Merchant Banks (11)	301.72	+0.7	—	3.46	—	0.00	299.64	301.23	302.38	242.97
69	Property (51)	664.92	−0.5	5.97	3.71	22.43	0.19	668.17	669.27	672.43	634.12
70	Other Financial (26)	294.01	−0.3	8.30	4.50	14.48	0.18	294.85	295.78	296.36	296.92
71	Investment Trusts (103)	661.61	−0.2	—	3.25	—	0.48	663.04	660.38	658.85	612.89
81	Mining Finance (3)	262.03	−0.2	12.77	5.93	9.11	0.00	262.67	266.06	268.47	292.31
91	Overseas Traders (14)	618.70	−0.7	13.07	6.76	8.57	0.00	623.01	624.43	628.43	665.25
99	ALL-SHARE INDEX (739)	692.40	−0.4	—	4.28	—	0.54	694.83	692.74	696.41	619.42

	Index No.	Day's Change	Day's High	Day's Low	Feb 4	Feb 3	Jan 31	Jan 30	Jan 29	Year ago
FT-SE 100 SHARE INDEX	1424.1	−7.5	1432.0	1423.8	1431.6	1425.1	1435.0	1429.1	1421.0	1289.5

FIXED INTEREST

	PRICE INDICES	Wed Feb 5	Day's change %	Tues Feb 4	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	117.63	+0.15	117.45	—	0.94
2	5-15 years	128.74	+0.69	127.86	—	1.09
3	Over 15 years	134.94	+0.79	133.89	—	0.93
4	Irredeemables	147.43	—	147.43	—	0.00
5	All stocks	127.56	+0.50	126.92	—	1.01
	Index-Linked					
6	5 years	108.12	—	108.11	—	0.00
7	Over 5 years	107.09	+0.03	107.06	—	0.34
8	All stocks	107.28	+0.02	107.25	—	0.28
9	Debentures & Loans	109.59	+0.69	108.83	—	0.12
10	Preference	80.93	+0.06	80.89	—	0.32

	AVERAGE GROSS REDEMPTION YIELDS		Wed Feb 5	Tues Feb 4	Year ago (approx.)
	British Government				
1	Low	5 years	9.87	9.90	11.19
2	Coupons	15 years	10.38	10.46	10.91
3		25 years	10.40	10.47	10.54
4	Medium	5 years	11.50	11.58	11.92
5	Coupons	15 years	10.85	10.96	11.35
6		25 years	10.54	10.62	10.78
7	High	5 years	11.63	11.76	12.02
8	Coupons	15 years	11.07	11.17	11.52
9		25 years	10.66	10.72	10.85
10	Irredeemables	†	10.27	10.27	10.26
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	4.73	4.72	0.0
12	Inflat'n rate 5%	Over 5 yrs	3.89	3.89	0.0
13	Inflat'n rate 10%	5 yrs	3.72	3.71	0.0
14	Inflat'n rate 10%	Over 5 yrs	3.74	3.74	0.0
15	Debs &	5 years	12.16	12.22	12.29
16	Loans	15 years	11.82	11.95	12.18
17		25 years	11.59	11.70	12.07
18	Preference	†	12.11	12.12	13.05

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

	Closing Price	Day's Change
Amstrad	274	+24
BL	59	−12
Burton	527	−16
Distillers	580	+15
Glaxo	890	+ 7
ICI	827	− 7
Imp. Cont'l. Gas	287	+12
Jaguar	420	− 7
Pearson	405	+12
Raine Inds	28	+ 6
Rothmans B	141	+ 8
Tricentrol	140	+ 2

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Tues. close	Day's change
BL	34	71	+29
Jaguar	23	427	+15
Polly Peck Int	22	138	−20
Glaxo New	20	890	+17
Inchcape	19	376	+23
Imperial Grp	18	250	+10
Acorn Comptr	15	66	−10
Reed Intl	15	699	+19
ICI	14	834	+ 7
Rwntree Mack	14	428	+18
Westland	14	113	−12
BP	13	566	−12

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$320	75	20	17	32.50	13	42	$ 337.60
GOLD C	$340	9	7	28	18	252	25	"
GOLD C	$360	161	1.40	146	9	107	17	"
GOLD C	$380	22	0.30	89	4.60	14	9.50	"
GOLD C	$400	—	—	95	3	2	6	"
GOLD P	$290	—	—	220	1	—	—	"
GOLD P	$300	100	0.10	5	2	144	4.50	"
GOLD P	$320	6	0.60	45	6.50	210	7.50	"
GOLD P	$340	410	7.50	104	14.50	117	15.50	"
GOLD P	$360	—	—	28	24.50	—	—	"
		Mar.		June		Sept.		
SILVER C	$600	—	—	23	40	—	—	$590
£/FR C	Fr.370	8	8.80	2	9.70 A	—	—	Fr.367.10
£/FR C	Fr.380	60	4.10 A	11	6.20 A	20	7 A	"
£/FR C	Fr.415	—	—	—	—	11	1.10	"
$/FL C	Fl.265	—	—	10	9.50 A	—	—	Fl.269.70
$/FL C	Fl.275	1	2.50	25	5.20	—	—	"
$/FL C	Fl.280	91	1.20 A	6	3.60	—	—	"
$/FL C	Fl.285	24	0.80	2	2.50 A	—	—	"
$/FL C	Fl.310	460	0.10	—	—	—	—	"
$/FL C	Fl.315	425	0.10	—	—	—	—	"
$/FL P	Fl.265	277	2.30	—	—	4	8.50 B	"
$/FL P	Fl.270	37	4.20 B	33	8.30 B	1	11.20 B	"
$/FL P	Fl.275	6	7.30 B	35	11.30 B	200	14 B	"
$/FL P	Fl.280	6	11.20 B	11	14.70 B	4	17	"
$/FL P	Fl.285	135	15	10	18 B	—	—	"
$/FL P	Fl.290	10	19.50	1	22 B	—	—	"
		Apr.		July		Oct.		
ABN C	Fl.580	175	16.30	11	22	1	30	Fl.589
ABN P	Fl.580	75	15.50	1	26 B	—	—	"
AEGN C	Fl.115	81	6.90	2	7.60	—	—	Fl.111.70
AEGN P	Fl.100	12	2	25	3.50	—	—	"
AH C	Fl.90	132	2.50	18	4.20	1	4.50	Fl. 81.70
AH P	Fl.75	22	1.50	—	—	3	4	"
AKZO C	Fl.170	740	7.70	128	10.80	73	16	Fl.165.80
AKZO P	Fl.160	409	5	508	6.60	2	10.50	"
AMEV C	Fl.95	43	4	3	6.30	—	—	Fl.95.60
AMEV P	Fl.80	16	1.50	—	—	—	—	"
AMRO C	Fl.115	139	6.80 A	3	9.80	—	—	Fl.111.50
AMRO P	Fl.105	58	3.80	—	—	—	—	"
GIST C	Fl.310	129	7	1	11.50	—	—	Fl.278.50
GIST P	Fl.280	132	13	—	—	—	—	"
HEIN C	Fl.230	153	10	5	12.50 B	—	—	Fl.227
HEIN P	Fl.190	38	1.20	—	—	—	—	"
HOOG C	Fl.90	619	5.50	138	7.60	61	8.70	Fl. 87.70
HOOG P	Fl.70	150	0.50	20	1.20	—	—	"
KLM C	Fl.60	696	7	88	8.80	16	10.50	Fl. 64
KLM P	Fl.60	220	2.50	24	4.50 A	—	—	"
NEDL C	Fl.230	99	3.60	12	6.20	—	—	Fl.198.50
NEDL P	Fl.180	46	3	20	10	—	—	"
NATN C	Fl.80	143	5.50	10	7.50 A	—	—	Fl. 79.50
NATN P	Fl.80	90	4.50	100	5.70	—	—	"
PETR P	Fr.6500	10	300	—	—	—	—	Fr. 6060
PHIL C	Fl.70	311	1.60	722	5	229	4.70	Fl. 63.30
PHIL P	Fl.60	223	2.10	22	3.70	56	4.30	"
RD C	Fl.170	873	6.30	216	8.80	233	12.50	Fl.164.80
RD P	Fl.160	568	3.80	998	8B	650	10.70	"
ROBE P	Fl.80	25	1	—	—	—	—	Fl. 85.30
UNIL C	Fl.400	283	12.60	2	26	—	—	Fl.384.50
UNIL P	Fl.380	28	12.50 A	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 31,995

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS Apr.	CALLS July	CALLS Oct.	PUTS Apr.	PUTS July	PUTS Oct.
B.P. (*550)	500	62	72	—	5	12	—
	550	25	36	47	28	36	47
	600	7	18	22	65	70	72
Cons. Gold (*474)	460	47	65	75	20	27	35
	500	20	35	45	44	52	60
	550	8	14	—	77	85	—
Courtaulds (*220)	160	66	70		1	2	
	180	47	53	59	1½	3	3
	200	32	37½	42	3	5	7
	220	18	22	32	9	12	16
Com. Union (*242)	200	49	—	—	1½	—	—
	220	30	37	42	5	8	11
	240	17	25	32	13	16	16
	260	7	11	—	26	27	—
Cable & Wire (*587)	550	62	99	103	5	15	18
	600	23	43	60	20	27	30
	650	8	18	—	60	60	—
Distillers (*578)	460	150	135	—	0½	1½	—
	500	90	92	—	1½	5	—
	550	52	56	62	10	18	22
	600	20	27	33	36	45	43
G.E.C. (*174)	140	40	—	—	3	—	—
	160	22	30	36	6	7	9
	180	10	18	22½	15	16	18
	200	3	—	—	28	—	—
Grand Met. (*386)	330	60	73	—	2	5	—
	360	40	55	65	7	14	17
	390	25	35	43	18	22	28
	420	8	15	—	40	43	—
I.C.I. (*827)	700	137	144	—	5	10	—
	750	92	97	110	10	15	20
	800	54	60	75	20	30	47
	850	27	40	50	46	52	65
Land Sec. (*288)	280	25	29	36	7	10	13
	300	9	16	24	17	18	21
	330	4	7	—	43	43	—
Marks & Sp. (*171)	130	48	—	—	1½	—	—
	140	38	—	—	2	—	—
	160	18	25	30	5	6	9
	180	9	15	19	14	16	20
Shell Trans (*660)	600	70	75	—	10	14	—
	650	26	37	45	25	28	33
	700	10	17	23	55	58	65
Traf'gar Hse (*310)	300	29	35	43	11	16	19
	330	13	18	26	25	28	32
	360	6	10	—	51	51	—

Option		CALLS Feb.	CALLS May	CALLS Aug.	PUTS Feb.	PUTS May	PUTS Aug.
Brit. Aero (*460)	390	65	75	—	1	3	—
	420	38	52	67	3	12	18
	460	8	32	43	22	32	37
	500	1½	12	22	55	56	60
BAT Inds (*346)	280	72	80	90	1	2	4
	300	52	62	70	2	5	9
	330	22	36	45	4	13	15
	360	6	17	23	22	30	32
Barclays (*447)	420	30	46	60	4	12	17
	460	8	27	40	25	35	37
	500	2	10	22	60	65	67
Brt Telecom (*186)	160	28	—	—	0½	—	—
	180	10	21	25	1½	6	9
	200	1½	9	16	15	16	17
	220	0½	3	9	35	35	36
Imperial Gr. (*252)	220	36	41	48	2	4	6
	240	21	30	35	7	11	14
	260	12	19	25	18	22	25
	280	5	11	15	33	34	37
LASMO (*168)	180	8	14	22	18	20	24
	200	2	9	14	38	38	40
	220	1½	6	7	55	55	55
	240	1½	3	4	75	75	75
Lonrho (*233)	180	55	55	57	1½	1½	3½
	200	36	37	45	1½	5	8
	220	15	25	30	4	12	15
	240	5	15	20	13	23	26

Option		CALLS Feb.	CALLS May	CALLS Aug.	PUTS Feb.	PUTS May	PUTS Aug.
P. & O. (*461)	390	65	72	—	1	3	—
	420	37	47	57	2	10	15
	460	6	22	30	17	22	25
Racal (*174)	140	36	42	48	1	4	6
	160	18	26	34	2	7	10
	180	6	15	22	9	16	20
	200	1	—	—	28	—	—
R.T.Z. (*564)	500	70	87	94	1½	9	16
	550	25	47	55	8	23	33
	600	3	22	30	40	52	62
Vaal Reefs (*$60)	70	10½	15	17¾	2	7	10
	80	2½	8	11¾	6	11½	15
	90	0½	—	—	14	—	—
Ex 10% 1989 (*£95)	94	1½	—	—	0⅛	—	—
	96	0¼	—	—	0¾	—	—
	98	0⅛	—	—	2⅛	—	—
Tr. 11¾% 1991 (*£101)	100	—	1¾	2⅜	—	0⅞	0¾
	102	—	0¾	1⅜	—	1⅜	1⅞
	104	—	0⅜	0⅝	—	3⅛	3⅛
Tr. 11¾% 03/07 (*£107)	104	3¼	4⅛	5⅛	0⅛	0⅜	0⅞
	106	1⅛	2⅞	3¾	0⅝	1⅛	1⅛
	108	0⅜	1⅝	2⅛	1⅜	2	2⅛
	110	0⅛	0⅝	1⅛	2⅝	3⅛	3¾
	112	0⅛	0⅜	1⅛	4⅝	4⅝	4⅝

Option		CALLS Mar.	CALLS June	CALLS Sept.	PUTS Mar.	PUTS June	PUTS Sept.
Beecham (*358)	280	92	95	—	1½	2	—
	300	72	75	82	2	5	6
	330	45	52	60	7	12	17
	360	20	33	40	20	27	32
Boots (*236)	220	30	38	45	4	9	12
	240	14	23	30	13	17	22
	260	6	13	20	24	28	32
BTR (*400)	360	53	65	78	4	8	12
	390	28	43	50	12	18	25
	420	11	22	30	28	33	36
Bass (*646)	600	63	80	103	6	15	22
	650	25	40	68	30	40	50
	700	10	20	37	60	68	70
De Beers (*$5.83)	500	110	120	140	7	20	27
	550	75	85	105	17	27	40
	600	30	48	72	50	60	70
	650	20	32	50	80	90	100
GKN (*291)	240	67	63	75	1½	4	6
	260	37	45	52	3	7	8
	280	23	29	37	6	10	13
	300	12	19	27	17	23	25
Glaxo (*890)	775	136	165	185	8	15	12
	800	110	145	166	15	17	27
	825	90	125	150	25	35	35
	850	65	105	135	35	42	53
	900	37	70	110	56	70	75
Hanson (*147)	135	20	28½	33	3	6	9
	150	9½	17½	22	10	12	15
	165	4	8	—	18	21	—
Jaguar (*418)	280	147	152	—	0½	1	—
	300	127	132	142	0½	1	2
	330	97	102	112	1	3	7
	360	67	77	85	2	6	10
	390	42	52	65	9	14	18
	420	25	38	46	25	30	35
Thorn EMI (*384)	360	37	52	—	6	10	—
	390	20	40	52	17	22	27
	420	7	18	34	40	46	50
Tesco (*285)	260	28	38	45	3	6	7
	280	17	26	30	8	15	17
	300	6	16	20	23	25	28

Option		CALLS Feb.	CALLS Mar.	CALLS Apr.	CALLS May	PUTS Feb.	PUTS Mar.	PUTS Apr.	PUTS May
FT-SE Index (*1425)	1350	90	107	115	—	4	7	14	—
	1375	70	85	97	—	7	14	23	—
	1400	53	65	77	—	15	23	33	—
	1425	32	45	60	67	20	33	42	45
	1450	18	33	43	48	35	43	57	57
	1475	7	—	—	—	55	—	—	—

February 5 Total contracts 13,023 Calls 9,252 Puts 3,781 *Underlying security price

WORLD STOCK MARKETS

AUSTRIA

Feb. 5	Price Sch%	+ or −
Credit'nst'lt pp *	2,370	−30
Goesser *	5,775	+195
Interunfall *	13,900	......
Jungbunzlauer *	40,500	+100
Laenderbank *	2,100	+60
Perlmooser	680	−10
Steyr Daimler	164	−3
Veitscher Mag *	9,490	−30

BELGIUM/LUXEMBOURG

Feb. 5	Price Frs.	+ or −
B.B.L.	2,360	+10
Banq. Gen. Lux	11,000	......
Banq. Int.A.Lux	9,850	......
Bekaert	8,610	+30
Ciment CBR	3,360	+30
Cockerill	175	−4
Delhaize	8,850	......
EBES	4,000	+100
Electrobel	11,900	+525
Fabrique Nat.	2,070	+30
GB Inno BM	6,080	+160
GBL (Brux)	2,550	+130
Generale Bank	4,645	+85
Gevaert	5,150	+120
Hoboken	6,140	+110
Intercom	3,150	+80
Kredietbank	11,200	+200
Pan Hldgs	10,100	......
Petrofina	6,070	+20
Royale Belge	19,400	......
Soc. Gen. Belge	2,170	+35
Sofina	7,810	......
Solvay	6,830	+170
Stanwick Intl	1,170	......
Tractionel	5,300	+70
UCB	5,850	+240
Wagons Lits	4,500	+80

DENMARK

FRANCE

GERMANY

Feb. 5	Price Dm.	+ or −
AEG	298	......
Allianz Vers	2,265	+5
BASF	273	+5
Bayer	292.2	+8.2
Bayer.Hypo	577	+30
Bayer-Verein	512	+12
BHF-Bank	498	−2
BMW	625	+22
Brown Boveri	259.2	+1.2
Commerzbank	302	−4
Cont'l. Gummi	206.5	+4.5
Daimler-Benz	1,360	+30
Degussa	477	+2
D'sche Babcock	220	−2
Deutsche Bank	785.5	+5
Dresdner Bank	415.5	+6.5
GHH	247	+0.5
Henkel	385	−2
Hochtief	725	+15
Hoechst	284	+5
Hoesch Werke	191	+1
Holzmann (P)	560	+4
Horten	224	......
Hussel	450	+7
Karstadt	355	+4.5
Kaufhof	413	+3
KHD	365	+5.5
Kloeckner	107.5	+2.5
Linde	655	+2
Lufthansa	297	+7
MAN	213	+1
Mannesmann	281.5	+2
Mercedes Hld	1,205	+32
Metallgesell	383	−10
Muench Rueck	3,400	+60
Nixdorf	594.5	+16
Porsche	1,330	−5
Preussag	262	−2
Rhein West Elect	231.5	+2

ITALY

NETHERLANDS

NORWAY

Feb. 5	Price Kroner	+ or −
Bergens Bank	167.5	−1.5
Borregaard	438	−7
Christiania Bank	172.5	......
DenNorske Cred	173.5	−1
Elkem	98.5	......
Kosmos	185	−4
Kvaerner	168	−2.5
Norcem	147	−7
Norsk Data	408	+1
Norsk Hydro	134	−3
Storebrand	263	−3.5

SPAIN

Feb. 5	Price Pts %	+ or −
Bco Bilbao	509	−21
Bco Central	440	......
Bco Exterior	230	−5
Bco Hispano	210	−10
Bco Popular	595	−10
Bco Santander	492	−4
Bco Vizcaya	575	−25
Dragados	167	−2.7
Hidrola	83	−1.5
Iberduero	105	−0.5
Petroleos	226.7	+0.7
Telefonica	127	......

SWEDEN

Feb. 5	Price Kronor	+ or −
AGA	195	+2
Alfa-Laval B	250	+2
ASEA (Free)	316	+3
Astra (Free)	515	......
Atlas Copco	152	+2
Cardo (Free)	275	+3
Cellulosa	167	+6
Electrolux B	217	+6
Ericsson B	245	+7
Esselte	470	+10
Mo och Domsjo	186	+6
Pharmacia	174	+3
Saab Scania Free	570	+10
Sandvik	755	......
Skandia	365	+11
Skan Enskilda	84.5	+2.5
SKF	315	+3
Sonneson	145	......
Stora Kopparbrg	170	+10
Sven Handlesbn	266	+9
Swedish Match	245	......
Volvo B (Free)	517	+12

SWITZERLAND

Feb. 5	Price Frs.	+ or −
Adia Intl.	5,000	+75
Alusuisse	725	......
Bank Leu	4,425	−100
Brown Boveri	1,730	......
Ciba Geigy	4,010	+10
do. (Part Certs)	2,980	−20
Credit Suisse	3,645	......
Elektrowatt	3,400	......
Fischer (Geo.)	1,260	−15
Hoff-Roche PtCts	132,875	−1875
Hoff-Roche 1/10	13,225	−150
Jacobs Suchard	7,525	......
Jelmoli	3,300	−50
Landis & Gyr	2,240	+10
Nestle	8,700	+50
Oer-Buehrle	1,590	−25
Pirelli	411	+3
Sandoz (Br)	11,200	+100
Sandoz (Pt Cts)	1,750	−40
Schindler (PtCts)	875	......
Sika	1,570	+40
Surveillance A	6,475	−25
Swissair	2,000	−25
Swiss Bank	560	+2
Swiss Reinsce	15,600	+175
Swiss Volksbk	2,475	+15
Union Bank	5,070	+30
Winterthur	5,070	−125
Zurich Ins.	5,850	+25

AUSTRALIA

Feb. 5	Price Aust $.	+ or −
ANZ Group	4.55	−0.05
Ampol Pet.	2.45	−0.05
Ashton	1.29	−0.01
Aust. Cons. Inds.	3.12	−0.1
Aust. Guarantee	2.6	......
Aust. Nat. Inds.	3.2	......
APM	3.25	−0.05
Bell Group	5.94	−0.28
Bell Res.	4.9xc	−0.2
Bond Corp Hldgs	2.22	−0.05
Boral	3.57	−0.03
Bougainville	2.15	−0.05
Brambles Inds	4.9	......
Bridge Oil	2.03	−0.07
B. H. Prop.	7.16xc	−0.22
CRA	5.5	−0.08
CSR	3.43	−0.15
Claremont Pet	1.15	−0.01
Coles (G.J.)	4.52	−0.01
Comalco "A"	1.82	−0.15
Consolidated Pet	0.24	+0.02
Costain Aust	2.2	......
Elders IXL	3.45	−0.05
Energ Res	1.8	......

AUSTRALIA (continued)

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

CANADA

TORONTO
Prices at 2.30pm February 5

MONTREAL
Closing prices February 4

Indices

NEW YORK—DOW JONES

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 37

N. AMERICAN QUARTERLIES

LONDON Chief price changes (In pence unless otherwise indicated)

RISES		
Tr 10% 03	£36⅞	+1⁵⁄₁₆
Tr 11½% 01/04	£109⅝	+1
Allebone	59	+6
Amstrad	274	+24
Baker Perkins	253	+12
Bassett Foods	182	+9
Beatson Clark	160	+10
Booker McCon.	298	+11
Detron Intl.	88	+8
Delta Group	199	+10
Delyn Packaging	110	+10
Distillers	580	+15
Illingw. Morris	103	+6
Imp. Cont. Gas	287	+12
Neill (James)	184	+11
Raine Inds.	28	+6
Rothmans Intl. B	141	+8
Smiths Inds.	252	+10
Trustho. Forte	155	+5

FALLS		
Ashley Indl. Tst.	74	−8
Atkins Bros.	150	−25
BL	59	−12
BP	547	−9
Burton	527	−16
ICI	827	−7
Inchcape	385	−11
Lloyds Bank	443	−9
Lasmo	165	−5
Northern Foods	268	−10
Rowntree Mack	418	−10

NOTICE OF REDEMPTION

To Holders of

U.S. $100,000,000 GMAC Overseas Finance Corporation, N.V.

12¾% Notes due February 1, 1988

Notice is hereby given that pursuant to paragraph 8 of the Notes and Section 4 of the Fiscal and Paying Agency Agreement dated as of February 1, 1981 between GMAC Overseas Finance Corporation, N.V. (the Company) and Chemical Bank, Fiscal and Paying Agent, the Company hereby gives notice of its election to redeem all of its 12¾% Notes due February 1, 1988. The date fixed for redemption shall be February 24, 1986 and the Notes will be redeemed at the price of 101.5% of the principal amount thereof together with accrued interest to the date fixed for redemption. After February 24, 1986 the Notes will cease to accrue interest. The Notes will be redeemed upon presentation and surrender together with all appurtenant coupons, if any, maturing on and after the date fixed for redemption at the principal office of the fiscal agent, Chemical Bank, 55 Water Street, Corporate Trust Department in New York City or at the principal offices of Chemical Bank, London, Paris, Frankfurt Am Main, Zurich and the principal offices of Banque Generale du Luxembourg S.A. in Luxembourg and Banque Bruxelles Lambert S.A. in Brussels, Belgium.

Chemical Bank, *Fiscal and Paying Agent on behalf of* GMAC Overseas Finance Corporation, N.V.

Dated: January 23, 1986

(Remaining dense price tables — Denmark, France, Italy, Netherlands, Australia (first half), Hong Kong, Japan, Singapore, South Africa, Canada, Indices, New York, Over-the-Counter, N. American Quarterlies — are [illegible] at this scan resolution.)

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28	16	AAR	.56	2.0	17	120	27⅞	27½	27⅝	+⅛
24⅝	10¼	AGS			18	65	23⅛	22¾	22⅞	−¼
15⅝	8⅞	AMCA				7	12¼	12	12⅛	
50¾	35¾	AMR			6	6976	48⅝	47½	48¾	
24¾	18⅝	AMR pf2.18		8.9		11	24½	24⅜	24½	+⅜
29⅝	23¾	ANR pf 2.67		11.		1	25⅝	25⅛	25⅝	
22	19	ANR pf 2.12		10.		40	21	21	21	+¼
11¾	7⅝	APL			5	24	10⅝	10½	10⅝	+⅛
16¾	10⅝	ARX			12	65	13⅞	13⅝	13¾	−⅛
55⅝	32¾	ASA	2a	5.4		492	37⅝	37	37⅜	+½
26½	10½	AVX			2.2	2835	14½	14	14¼	+½
28⅝	20⅝	AZP	2.72	10.	7	2063	26⅞	26½	26⅝	−⅛
72	46	AbtLab 1.40		2.0	18	1817	69¼	68½	69	
29¼	19⅝	AccoWd 50		1.7	20	112	28⅞	28¾	28¾	−¼
24¾	10	AcmeC .40		3.2	18	60	12⅝	12⅜	12½	−⅛
10½	7	AcmeE .32b		3.7	16	24	8¾	8⅝	8⅝	−⅛
18¾	16⅞	AdaEx 1.90e		11.		167	17⅞	17¾	17¾	
22¾	14	AdmMI .40		1.9	9	24	21⅜	21	21¼	
18⅝	8¾	AdvSyst .38t		8.1	15	146	17	16⅞	16⅞	−¼
35⅝	22⅞	AMD				11464	29⅛	28½	28⅞	+¾
12⅝	10⅝	Adobe n				264	11⅝	11	11⅛	−⅛
18⅝	14⅝	Adob pf 1.84		11		113	16¾	16½	16¾	
18½	15¼	Adob pf 2.40		14.		63	18	17¾	17¾	
15⅛	8⅛	Advest .12a		.8	14	1386	15⅛	14½	14⅞	+⅜
57½	39⅝	AetnLf 2.64		4.7	18	5490	57⅛	55¾	56⅝	−⅜
57½	52½	AetL pf5.19e		9.7		12	54	53½	53½	−⅝
100¾	98¾	AetL pfC				10	100¼	100¼	100¼	
60¾	27¼	Ahmns 1.20		2.0	8	1407	u61	59⅝	61	+1⅛
4⅝	2½	Aileen			213	34	4¼	4⅛	4¼	+⅛
72½	46⅞	AirPrd 1.48		2.1	14	201	69⅝	68⅞	69⅝	+⅝
24⅝	17½	AirbFrt .60		3.2	11	159	19	18¾	19	

Continued on Page 37

NYSE COMPOSITE CLOSING PRICES

Continued from Page 36

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
		X Y Z								
65¼	42	Xerox	3	4.7	14	1519	64⅝	63⅞	64	
56¾	49	Xerox pf5.45		9.7		2540	56⅜	56	56	−¼
34¾	26	ZaleCp 1.32		4.0	13	215	33¼	32¾	32⅞	+⅛
17	5	Zapata .12		2.2	38	577	5½	5⅛	5⅜	+⅛
66⅞	39⅝	Zayre s .48		.7	19	194	64¾	63	64¾	+1¼
25	16¼	ZenithE			919	1008	18⅝	18¼	18⅜	−⅛
23⅝	17¼	Zero s .36		1.6	17	59	22⅞	22¼	22⅜	−⅝
42¾	25¾	Zumin 1.32		3.2	15	68	41½	41	41½	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 35

FINANCIAL TIMES

WORLD STOCK MARKETS

WALL STREET

Pressure remains on banks

PRESIDENT REAGAN'S announcement of budget proposals for 1987 encouraged institutions to stay on the sidelines yesterday, *writes Terry Byland in New York.*

Bonds, unsettled by a sharp dip in the dollar, awaited the outcome of the auction of $7bn in 10-year Treasury securities. In a calmer stock market, industrials settled down with minor losses, but banks came under pressure again.

At the close the Dow Jones industrial average was 0.11 down at 1,593.12.

Other market yardsticks were mostly easier, with the Dow transportation average hit by weakness in airline stocks.

A rally in New York petroleum futures did nothing to change general bearishness on oil prices. The chief casualties once again were the money centre banks, whose portfolios are laden with energy loans to both domestic and overseas customers. An analyst at First Boston joined the ranks of the bears of bank stocks.

Citicorp eased $⅛ to $49⅞ while Chase Manhattan lost $2 to $70¼ and J. P. Morgan $1 to $61⅞. A further blow to the big banks came when a federal court ruled against Bankers Trust's distribution of commercial paper, a business area which the banks would like to wrest from the Wall Street securities firms.

The legal ruling, which reverses a previous, favourable judgment, left Bankers Trust down $1⅝ at $33⅝.

Also weak was First Chicago, down $1⅝ at $28 as it faced a potential loss on a Middle East customer account.

Oils, however, steadied, with the notable exception of Exxon, $⅛ off at $49⅛ although less active after Tuesday's selling bout.

Among the hardest hit in last week's selling of oil stocks, Atlantic Richfield firmed $¼ to $51¼, and Chevron at $34¼ was $¼ better.

Attention focused on Texaco, $⅛ up at $22⅞ after the board confirmed that it would pledge its Texaco Canada stock as collateral for the $1bn needed to continue the fight against the Pennzoil judgment. Texaco Canada was unchanged at $17 while Pennzoil at $63½ eased $⅝.

Car stocks responded cautiously to disclosure of a dip in sales in late January. General Motors eased $⅝ to $75¾ after one block of 1m shares changed hands at $76⅞, quickly followed by a further 1m at $75⅛.

Ford shed $1 to $63¾, and Chrysler, which said it would continue price discounts, held unchanged at $46¼ – both have profits statements due.

Technology stocks gave the market no lead. While Motorola and some other semiconductor issues continued to find support, the blue-chip computer groups languished.

IBM slipped $⅝ to $153⅝, Honeywell $⅛ to $76⅞ and Burroughs $⅝ to $69⅝. A firm exception was Digital Equipment, up $1 at $153⅞.

There was hefty turnover in Gould, which added $1⅝ to $29 on another wave of rumours that Siemens of West Germany may make a bid.

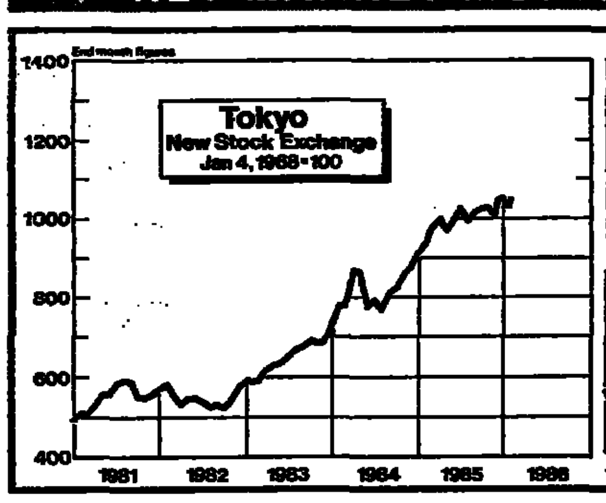
The Dow average was helped by a gain of $1 to $83¼ in Union Carbide after GAF Industries said it would be holding on to the stake acquired during the takeover episode. At $56⅝, GAF was steady.

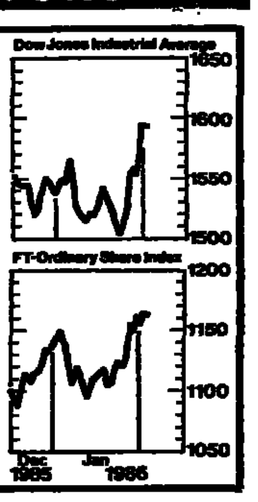
In the consumer sector Sears Roebuck responded to its trading statement with a $⅝ fall to $39⅝ while the rest of the store sector remained mixed. At $72¼ PepsiCo shed $⅝, also after results. The board of Time Inc, the magazine group which this week disclosed substantial staff cuts, could give no explanation for its $1⅛ fall to $58.

The airline sector was unsettled by the disclosure of a sharp fall in earnings at United, a major player in the domestic carrier market. At $53¼ United fell $1⅞. American, however, held steady at $48¼ while Delta edged up $⅛ to $44⅞.

In the credit market, short-term rates remained steady, and the Fed drained liquidity with five-day matched sales. After a slightly doubtful response to the first of the Treasury auctions, the market was cautious ahead of the sale of 10-year notes. Losses in bonds were extended as the auction opened, ranging to nearly ½ point at the long end.

KEY MARKET MONITORS





STOCK MARKET INDICES

	Feb 5	Previous	Year ago
NEW YORK			
DJ Industrials	1,593.83*	1,593.23	1,295.23
DJ Transport	748.81*	755.22	628.11
DJ Utilities	175.27*	176.45	149.88
S&P Composite	211.80*	212.79	180.61
LONDON			
FT Ord	1,163.1	1,163.9	983.3
FT-SE 100	1,424.1	1,431.6	1,289.1
FT-A All-share	692.40	694.83	619.42
FT-A 500	760.17	762.9	676.97
FT Gold mines	330.4	338.2	457.8
FT-A Long gilt	10.66	10.72	10.86
TOKYO			
Nikkei	13,185.66	13,138.09	11,823.4
Tokyo SE	1,051.10	1,047.80	917.65
AUSTRALIA			
All Ord.	1,060.7	1,075.6	772.2
Metals & Mins.	513.4	525.7	444.9
AUSTRIA			
Credit Aktien	118.07	119.06	61.88
BELGIUM			
Belgian SE	2,901.62	2,864.76	2,147.29
CANADA			
Toronto			
Metals & Minls	2,192.9*	2,210.6	2,177.0
Composite	2,766.9*	2,782.1	2,605.2
Montreal			
Portfolio	135.24*	136.47	131.61
DENMARK			
SE	n/a	225.53	172.89
FRANCE			
CAC Gen	278.9	280.4	196.0
Ind. Tendance	105.4	105.4	69.1
WEST GERMANY			
FAZ-Aktien	667.73	662.09	389.42
Commerzbank	2,015.7	1,991.0	1,135.4
HONG KONG			
Hang Seng	1,723.08	1,728.81	1,352.47
ITALY			
Banca Comm.	492.67	486.45	264.38
NETHERLANDS			
ANP-CBS Gen	256.7	258.7	198.2
ANP-CBS Ind	249.8	250.4	156.7
NORWAY			
Oslo SE	373.10	377.24	331.38
SINGAPORE			
Straits Times	619.20	617.61	825.13
SOUTH AFRICA			
JSE Golds	–	1,238.1	924.6
JSE Industrials	–	1,092.1	862.8
SPAIN			
Madrid SE	110.29	111.34	84.72
SWEDEN			
J & P	1,783.66	1,755.3	1,485.01
SWITZERLAND			
Swiss Bank Ind	583.6	584.1	411.5
WORLD	Feb 4	Prev	Year ago
MS Capital Int'l	260.1	261.3	195.6

COMMODITIES

(London)	Feb 5	Prev
Silver (spot fixing)	424.10p	426.90p
Copper (cash)	£1,005.50	£1,011.00
Coffee (Mar)	£2,307.50	£2,247.50
Oil (spot Arabian Light)	n/a	n/a

GOLD (per ounce)

	Feb 5	Prev
London	$337.00	$338.625
Zürich	$337.25	$338.375
Paris (fixing)	$338.73	$340.68
Luxembourg	$338.00	$344.00
New York (April)	$339.30	$337.45

CURRENCIES

(London)	US DOLLAR Feb 5	US DOLLAR Previous	STERLING Feb 5	STERLING Previous
$	–	–	1.3915	1.377
DM	2.385	2.4145	3.32	3.325
Yen	190.65	192.05	265.25	264.5
FFr	7.31	7.3975	10.1725	10.1875
SFr	2.0165	2.043	2.805	2.8125
Guilder	2.697	2.726	3.7525	3.7525
Lira	1,625.5	1,642.5	2,261.75	2,261.75
BFr	48.85	49.4	67.95	68.0
C$	1.4305	1.4435	1.986	1.9885

INTEREST RATES

	Feb 5	Prev
Euro-currencies (3-month offered rate)		
£	12¾	13
SFr	4⅛	4⅞
DM	4⅝	4⅝
FFr	16⅝	16⅝
FT London Interbank fixing (offered rate)		
3-month US$	8	8 1/16
6-month US$	8	8 1/16
US Fed Funds	7¾*	7¾
US 3-month CDs	7.60*	7.60
US 3-month T-bills	6.96*	6.96

US BONDS

Treasury	Feb 5* Price	Feb 5* Yield	Prev Price	Prev Yield
8¾ 1988	100 [illegible]	7.96	100 [illegible]	7.933
8⅞ 1993	99 [illegible]	8.82	99 [illegible]	8.754
9⅛ 1995	103	9.027	103 [illegible]	8.951
9⅞ 2015	105 [illegible]	9.29	106 [illegible]	9.4

Treasury Index Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	139.54	–0.10	8.62	+0.01
1–10	135.90	–0.04	8.36	+0.01
1–3	130.32	+0.04	7.89	–0.01
3–5	138.07	–0.03	8.48	+0.02
15–30	152.61	+0.91	9.52	+0.03

Source: Merrill Lynch

Corporate	Feb 5* Price	Feb 5* Yield	Prev Price	Prev Yield
AT&T				
10⅜ June 1990	100⅜	10.15	100⅜	10.15
3⅞ July 1990	86.149	7.65	86⅞	7.60
8⅝ May 2000	91.641	9.85	92	9.80
Xerox				
10⅞ Mar 1993	104	9.82	104	9.82
Diamond Shamrock				
10⅞ May 1993	101	10.42	101	10.42
Federated Dept Stores				
10⅞ May 2013	102.454	10.35	102.918	10.30
Abbot Lab				
11.80 Feb 2013	110.132	10.65	110⅛	10.60
Alcoa				
12½ Dec 2012	108.286	11.26	108⅞	11.21

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	86-05	86-21	86-03	86-13
US Treasury Bills (IMM) $1m points of 100%				
Mar	93.23	93.27	93.21	93.23
Certificates of Deposit (IMM) $1m points of 100%				
Mar	92.43	92.46	92.43	92.42
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	92.14	92.14	92.11	92.16
20-year Notional Gilt £50,000 32nds of 100%				
Mar	109-08	109-13	108-15	108-23

* *Latest available figures*

CANADA

Persistent uncertainty takes toll

UNCERTAINTY on oil prices and domestic interest rates pushed prices lower on the Toronto Stock Exchange again yesterday, but selling pressures were lighter than on Tuesday, *writes Bernard Simon in Toronto.*

Mr Fred Ketchen, chief trader at McLeod Young Weir, said: "There are buyers around, but they're very quiet. They think they have the upper hand."

By mid-morning, the TSE 300 composite index was 6.1 lower at 2,775.7. The index plunged by 60.75 on Tuesday, the heaviest fall in several years, with oil, gas and precious metal shares suffering the heaviest losses.

Gold shares picked up slightly yesterday morning. Lac Minerals gained C$¼ to C$33⅝. But the energy, financial services, property and construction sectors remained weak. The oil and gas index dropped another 19 points to 2,776.35 in early trading. Among property developers, Cadillac Fairview lost C$½ to C$14⅛. Bramalea was bid at C$17⅞ during the morning after a sale at C$18⅛.

Canadian banks have raised their prime lending rates three times in the past month in response to official efforts to defend the Canadian dollar. A further rise in interest rates is expected today when the Bank of Canada sets the weekly bellwether bank rate.

In other sectors the steelmaker Stelco fell C$⅝ to C$25¼ following reports of aggressive price-cutting among Canadian steel producers.

AUSTRALIA

RESERVATIONS over the nature of the bid for BHP combined with profit-taking to turn Sydney lower. The All-Ordinaries index lost 14.8 to 1,060.7.

BHP traded as low as A$7.12 but closed down 22 cents at A$7.18 as analysts downgraded the chances of success for the bid by Bell Resources, which fell a further 20 cents to A$4.90, while Bell Group, which owns 45 per cent of the takeover vehicle, surrendered 26 cents to A$6.94.

News Corporation continued to draw buying support on the hopes of an outright victory in its London printing dispute. The group added a further 25 cents to A$11.75.

Oil and gas issues weakened, with Santos 16 cents cheaper at A$4.98, while in a broadly lower banking sector Westpac lost 10 cents to A$4.50.

HONG KONG

UNDISTINGUISHED trading left Hong Kong languishing ahead of the lunar new year holiday and trimmed 5.73 off the Hang Seng index to 1,723.08.

Cheung Kong managed to resist some of the lethargy with its 10-cent rise to HK$ 20.30. Hongkong Electric added 5 cents to HK$8.70, and Swire Pacific was 5 cents ahead at HK$5.50.

Among the losers Jardine Matheson was 20 cents down at HK$12.20, Hang Seng Bank 25 cents at HK$46.50 and Hongkong Telephone 10 cents at HK$10.70.

SINGAPORE

A NARROW band of interest was evident in an uninspired Singapore which boosted the Straits Times industrial index 1.59 higher to 619.20.

Singapore Airlines again dominated trading – accounting for over 22 per cent of volume – and advanced 20 cents to S$5.90.

Among blue chip industrials Singapore Press added 10 cents to S$6.05, and Fraser & Neave edged 5 cents higher to S$6.25.

SOUTH AFRICA

A SWIFT FORAY by bargain hunters in Johannesburg buoyed sentiment among gold stocks although the firmer tone failed to spread to all other sectors.

Driefontein firmed 50 cents to R53.25 although Buffels finished the session R2.60 lower at R77.40. Diamond group De Beers edged 10 cents up to R17.40 while in platinums Rustenburg lost 25 cents to R28.25.

EUROPE

Caution emerges as catchword

CAUTION APPEARED to be the catchword in Europe yesterday as the lower dollar and Wall Street's weaker overnight performance put the brakes on the firmer trend evident during the past few days.

With Europe devoid of any significant direction, bourses were left to determine their separate fates, influenced almost solely by corporate news.

Frankfurt continued to act as a magnet for foreign investors, and the Commerzbank index attracted 24.7 to 2,015.7, slowly winding its way back to the levels of a week ago.

Daimler again led the entire market with a gain of DM 30 to DM 1,360 while BMW rose DM 22 to DM 625. VW moved DM 22.30 ahead to DM 539 as it announced that it had completed initial talks on a possible large Soviet order for the building of engines.

Chemicals were boosted by the oil price. Bayer added DM 8.20 to DM 292.20, and Hoechst rose DM 5 to DM 284.

BHF, which launched its one-for-10 rights issue yesterday at DM 375, fell DM 2 to DM 498.

Klöckner-Werke, which last year failed in a merger with Krupp-Stahl and CRA of Australia, was well pleased with its profits performance in 1985, and this spilled over into the market. It gained DM 2.50 to DM 107.50.

Degussa, which agreed to purchase a precious metals processor in the US, advanced DM 2 to DM 477.

The Bundesbank sold DM 20.4m of domestic paper yesterday

Trade in **Zurich** was dull despite favourable factors such as low interest rates and expectations of higher dividends from Swiss banks.

Confidence seeped back in the bond market, and prices edged higher.

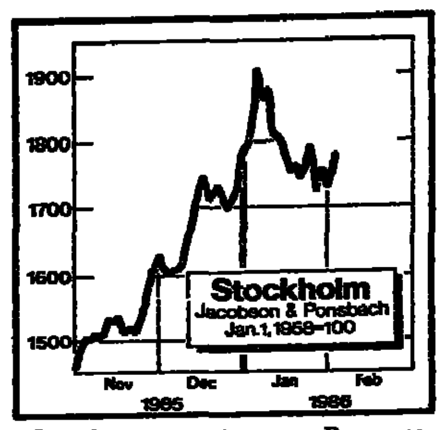
KLM was an exception among lower internationals in **Amsterdam**. Gaining from the prospects of lower fuel costs and on expectations of healthy quarterly profits to be announced today, KLM rose 80 cents to FL 64.00.

Royal Dutch, hit by oil worries, dropped Fl 2.20 to Fl 184.80, and Akzo, with increased earnings for 1985 at its West German subsidiary Enka, lost 40 cents to Fl 165.80. Du Pont said it was ready to negotiate a settlement in its patent dispute with Akzo.

Japanese securities firms, Daiwa, Nomura and Yamaichi have applied to the Amsterdam bourse for membership, and this could hasten the plan for the Dutch stock exchange to offer the first trading in yen-denominated stocks.

The CAC General index in **Paris** made little movement, ending a marginal 1.5 lower at 278.9. Most shares drifted slightly down in the absence of any news.

Interest focused on Thomson-CSF as it reported a solid swing back into the black for 1985. It gained FFr 49 to a record FFr 895 and plans to resume paying a dividend.



In other corporate news Bouygues, which is launching a one-for-five rights issue, rose FFr 19 to FFr 928.

Brussels turned higher as buyers moved out of foreign shares and back into the domestic sector. Rumours of a 5 per cent cut in the 25 per cent stock purchase tax also boosted sentiment.

Utilities were sought. Dividend yields on some utilities are as high as 8 per cent before withholding tax. Unerg added BFr 50 to BFr 2,390, Ebes BFr 100 to BFr 4,000 and Intercom BFr 60 to BFr 3,150.

Peaks continued to be reached in **Milan** where the cash-rich mutual funds are expected to inject more money into the market. The funds amassed record monthly sales in January of L4,500bn ($2.7bn).

Stockholm was also significantly stronger with the J & P index up 28.36 at 1,783.66. Ericsson, which recently received several major US orders for mobile telephone and telecommunications systems, was the most actively traded stock, rising SKr 7 to SKr 245.

Steel issues led the fall in **Madrid**, and the only sector to show slight gains was property.

LONDON

Rate hopes add lustre to gilts

THE CHANCES of avoiding another rise in London interest rates improved yesterday, but only the gilts market showed any response.

Sterling recovered slightly following Monday's banking statistics, and commercial credit rates fell back to 12¾ per cent. Against this slightly more optimistic background, the price of crude oil recovered.

A promising start among gilts faltered but later recovered to add a full point to longs on domestic support while US interest was noted for the recently exhausted tap stock Treasury 10 per cent 2003.

Equities meandered in a narrow range, and the FT Ordinary index lost 0.8 to 1,163.1. The FT-SE 100 lost 7.5 to 1,424.1.

Among the most actives, BL shed 12p to 59p, Distillers firmed 15p to 580p, Jaguar lost 7p to 420p and Pearson added 12p to 405p.

Chief price changes, Page 35; Details, Page 34; Share information service, Pages 32–33

TOKYO

Nippon Steel shows way to record high

ANOTHER record high was achieved in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average gained 47.57 from the previous day to 13,185.66. Trading continued heavy at 484m shares, compared with Tuesday's 472m. Advances outpaced declines by 446 to 394, with 131 issues unchanged.

Investors continued to favour low and medium-priced "incentive-backed" issues to seek short-term capital gains. Also selected were chemicals, paper pulp and printing groups as well as some blue chips.

But electric railways and some chemicals which had fared well the previous day came under selling pressure.

Yesterday's rise was sparked when investment trusts placed orders in small lots for some blue chips and Nippon Steel, which prompted speculators to follow.

Nippon Steel, which had been out of favour for a long time, topped the active list with 30.43m shares changing hands, rising Y2 to Y163. The gain was helped by massive corporate buying.

Mitsui Petrochemical Industries, which had been lagging behind other chemicals, gained Y39 to Y528 on investor expectations for the growth potential of the amorphous alloy metals it is producing jointly with Allied of the US. The issue was the second busiest issue with 16.42m shares traded.

Toyo Soda, also active, advanced Y7 to Y369, but Nippon Sanso, one of the popular issues the previous day, fell Y3 to Y397 on small-lot selling.

Issues which stand to benefit from a possible change in the yen's denomination drew speculative interest at one stage. Kyodo Printing surged Y45 to Y635 and Toyo Ink Y10 to Y550. But Mitsubishi Paper Mills closed Y5 lower at Y430 after gaining Y5 at one stage. Oji Paper fell Y11 to Y493.

Electric railways lost popularity. Nishi-Nippon Railroad dropped Y2 to Y363 and Odakyu Electric Railway Y3 to Y537.

Janome Sewing Machine was the third most active stock with 13.18m shares, soaring Y80 to Y730. Tokyo Juki Industrial leaped Y34 to Y879, and Mitsui Mining was up Y33 to Y648.

Among blue chips Matsushita group companies fared well. JVC jumped Y160 to Y2,310, fuelled by investment trusts' small-lot buying. Matsushita Electric Industrial leaped Y60 to Y1,370 and Kyushu Matsushita Electric Y90 to Y2,750. Kirin Brewery, which has no exposure to exchange-rate fluctuations or trade friction, added Y9 to Y796.

Bond prices remained weak throughout the day, affected by small-lot selling by some securities houses' dealer sections. The yield on the benchmark 6.2 per cent government bond, maturing in July 1995, rose to 5.615 per cent from Tuesday's 5.575 per cent.